

Contract Summary Sheet

Contract (PO) Number: 14055

Specification Number: 53913

Name of Contractor: PALMET VENTURE, L.L.C.

City Department: PLANNING & DEVELOPMENT

Title of Contract: Redevelopment Agreement: 171 W. Randolph/134 N. LaSalle

Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):

\$17,600,000.00

PO Start Date: 3/6/1998

PO End Date: 12/31/2008

Brief Description of Work: Redevelopment Agreement: 171 W. Randolph/134 N. LaSalle

Procurement Services Contact Person: THOMAS DZIEDZIC

Vendor Number: 1060506

Submission Date: DEC 26 2006

SUBSTITUTE ORDINANCE

AN ORDINANCE OF THE CITY OF CHICAGO, ILLINOIS
DESIGNATING
PALMET VENTURE, L.L.C. AS DEVELOPER
AND
AUTHORIZING A REDEVELOPMENT AGREEMENT

ORDINANCE

WHEREAS, pursuant to an ordinance adopted by the City Council ("City Council") of the City of Chicago (the "City") on February 7, 1997 and published at pages 38260-38400 and 38401-38402 of the Journal of the Proceedings of the City Council (the "Journal") of such date, a certain redevelopment plan and project (the "Plan") for the Central Loop Redevelopment Project Area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (1993) (the "Act"); and

WHEREAS, pursuant to an ordinance adopted by the City Council on February 7, 1997 and published at pages 38400, 38403-38412 and 38413-38414 of the Journal of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, pursuant to an ordinance (the "TIF Ordinance") adopted by the City Council on February 7, 1997 and published at pages 38412, 38415-38423 and 38424-38425 of the Journal of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, Palmet Venture, L.L.C., an Illinois limited liability company (the "Company"), has acquired a site (the "Site") located within the Area at 134 North LaSalle Street and 171 West Randolph Street and shall redevelop the building located on the Site by renovating the hotel, theater and office facilities located in the building, and shall make certain related sidewalk and building facade improvements (the "Project"); and

WHEREAS, the Company has proposed to undertake the redevelopment of the Site in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Company and the City, including but not limited to the redevelopment of the building on the Site and the resulting retention and creation of the jobs, to be financed in part by a portion of the proceeds of the Tax Increment Allocation Bonds (Central Loop Redevelopment Project)

Series 1997 which are proposed to be issued by the City; and

WHEREAS, in connection with the Project, the Company has obtained, and may in the future obtain, senior financing from certain entities, and it may be necessary or advisable for the City to enter into an intercreditor or similar agreement pursuant to which the respective rights of the City and any entity providing financing with respect to the Company and the Project are set forth (an "Intercreditor Agreement");

WHEREAS, pursuant to Resolution 97-CDC-75 adopted by the Community Development Commission of the City of Chicago (the "Commission") on July 8, 1997, the Commission authorized the City's Department of Planning and Development ("DPD") to publish notice pursuant to Section 5/11-74.4(c) of the Act of its intention to negotiate a redevelopment agreement with the Company for the Project and to request alternative proposals for redevelopment of the Site or a portion thereof; and

WHEREAS, DPD published the notice, requested alternative proposals for the redevelopment of the Site or a portion thereof and provided reasonable opportunity for other persons to submit alternative bids or proposals; and

WHEREAS, since no other responsive proposals were received by DPD for the redevelopment of the Site or a portion thereof within 14 days after such publication, pursuant to Resolution 97-CDC-75, the Commission has recommended that the Company be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Company for the Project; now therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are incorporated herein and made a part hereof.

SECTION 2. The Company is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 3. The Commissioner of DPD (the "Commissioner") or a designee of the Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Company and the City in substantially in the form attached hereto as Exhibit A and made a part hereof (the "Redevelopment Agreement"), and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, including without limitation an Intercreditor Agreement, with such changes, deletions and insertions as shall be approved by the persons

executing the Redevelopment Agreement.

SECTION 4. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the other provisions of this ordinance.

SECTION 5. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 6. This ordinance shall be in full force and effect immediately upon its passage.

Attachment:
Exhibit A: Redevelopment Agreement

CENTRAL LOOP REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO

AND

PALMET VENTURE L.L.C.

This agreement was prepared by
and after recording return to
Paul Davis, Esq
City of Chicago Law Department
121 North LaSalle Street, Room 511
Chicago, IL 60602

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Exhibit D	*Redevelopment Plan
Exhibit E	Construction Contract
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Exhibit Q	City Junior Mortgage
Exhibit R	City Public Improvements

(An asterisk(*) indicates which exhibits are to be recorded.)

[leave blank 3" x 5" space for recorder's office]

This agreement was prepared by and
after recording return to
Paul Davis, Esq
City of Chicago Law Department
121 North LaSalle Street, Room 511
Chicago, IL 60602

CENTRAL LOOP REDEVELOPMENT AGREEMENT - PALMET VENTURE L.L.C.

This Central Loop Redevelopment Agreement (this "Agreement") is made as of this 14th day of March, 1998, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), American National Bank and Trust Company of Chicago, not personally but as trustee under a Trust Agreement dated November 19, 1996 and known as Trust No. 122332-01 ("Trustee"), and Palmet Venture, L.L.C., an Illinois limited liability company and sole beneficiary of the trust described above (the "Developer").

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (1992 State Bar Edition), as amended from time to time (the "Act"), to finance projects that eradicate

blighted conditions through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "the City Council") adopted the following ordinances on February 7, 1997: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Central Loop Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Central Loop Redevelopment Project Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Central Loop Redevelopment Project Area" (the "TIF Adoption Ordinance"), (collectively referred to herein as the "TIF Ordinances"). The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Developer has purchased (the "Acquisition") certain property located within the Redevelopment Area at 134 North LaSalle Street and 171 West Randolph Street, Chicago, Illinois 60602 and legally described on Exhibit B hereto (the "Property") and title to which is held by the Trustee of the Trust, and, within the time frames set forth in Section 3.01 hereof, the Developer shall redevelop the building (the "Building") located on the Property as follows: (i) the renovation of the Bismarck Hotel (the "Hotel") resulting in the development of a first-class hotel of approximately 483 guest rooms, the creation of two new high-quality, sit down restaurants, the renovation of the Hotel lobby and public spaces and the expansion of the meeting spaces of the Hotel; (ii) the renovation of the Palace Theater (the "Theater") resulting in the creation of a world-class, Broadway-style theater of approximately 2,350 seats with an expanded stage and improved stagehouse and backstage support spaces, and the renovation of the auditorium and public spaces; (iii) the renovation of the Metropolitan Office Building (the "Office Building") to meet the requirements of the Americans with Disabilities Act and to refinish certain common areas; (iv) the upgrade of certain centralized mechanical, electrical and plumbing ("MEP") systems of the Building, including life safety and fire protection as well as MEP improvements to specific Building use components; and (v) sidewalk vault and Building facade improvements (the "Public Improvements"). The redevelopment of the Building and the Property as described above and the related Public Improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Central Loop

Tax Increment Financing Redevelopment Plan and Project (the "Redevelopment Plan") attached hereto as Exhibit D, as amended from time to time.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, (i) a portion of the proceeds (the "Bond Proceeds") of its Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997 (the "Bonds") issued pursuant to an ordinance adopted by the City Council on July 30, 1997 (the "Bond Ordinance"), or (ii) Incremental Taxes in the 1997 Central Loop Project Redevelopment Project Area Special Tax Allocation Fund, to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement, or to pay for the public improvements described in Section 4.07 hereof.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this agreement by reference.

SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Developer.

"Available Project Funds" shall have the meaning set forth for such term in Section 5.16(g) hereof.

"Bond(s)" shall have the meaning set forth for such term in the Recitals hereof.

"Bond Ordinance" shall have the meaning set forth in the Recitals hereof.

"Certificate" shall mean the Certificate of Completion of Rehabilitation described in Section 7.01 hereof.

"Completion Date" shall mean the date that the City issues the Certificate hereunder, or the date that the City has issued

Component Completion Certificates for all of the portions of the Project for which the City may issue a separate certificate pursuant to Section 7.01 hereof.

"Component Completion Certificate" shall mean the certificate of completion that the City may issue with respect to each or any of the following portions of the Project pursuant to Section 7.01 hereof: (i) the renovation of the Hotel; (ii) the renovation of the Theater; or (iii) the renovation of the Office Building.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget which is executed or agreed upon after the Closing Date as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

"City Funds" shall mean the funds described in Section 4.03(b) hereof.

"City Mortgage" shall have the meaning set forth in Section 5.17 hereof.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto.

"Construction Contract" shall mean a contract, attached hereto as Exhibit E, which has been entered into between the Developer and the General Contractor providing for construction of the Project.

"Corporation Counsel" shall mean the City's Office of Corporation Counsel.

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"Equity" shall mean funds of the Developer and the operator of the Theater (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns) or Section 4.03(b).

"Escrow" shall mean the construction escrow established pursuant to the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement establishing a construction escrow, by and among the City, the Title Company (or an affiliate of the Title Company), the Developer and the Developer's lender(s), substantially in the form of Exhibit F attached hereto.

"Event of Default" shall have the meaning set forth in Section 15 hereof.

"Financial Statements" shall mean complete audited financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

"First Development Disbursement" shall mean the first disbursement from the Escrow subsequent to the Closing Date related to development costs.

"Full-Time Equivalents" shall mean an employee or employees of the Developer (or employees of the operator of the Hotel or the Theater) whose work, in the aggregate, equals an average of at least 40 hours a week for 52 weeks throughout the year.

"General Contractor" shall mean the general contractor(s) hired by the Developer pursuant to Section 6.01 or referenced therein or otherwise approved by DPD.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"In Balance" shall have the meaning set forth for such term in Section 5.16(q) hereof.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the

Treasurer of the City of Chicago for deposit by the Treasurer into the 1997 Central Loop Project Redevelopment Project Area Special Tax Allocation Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Lender Financing" shall mean funds borrowed by the Developer from lenders and irrevocably available to pay for Costs of the Project, in the amount set forth in Section 4.01 hereof.

"MBE(s)" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise.

"Municipal Code" shall mean the Municipal Code of the City of Chicago.

"1997 Central Loop Project Redevelopment Project Area Special Tax Allocation Fund" shall mean the special tax allocation fund created by the City into which the Incremental Taxes will be deposited.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims, or encumbrances relating to the Developer, the Property or the Project.

"Payment Obligation" shall have the meaning set forth in Section 4.03(c) hereof.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth on Exhibit G hereto.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project, including any amendments or modifications which are entered into or agreed upon prior to the Closing Date.

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.05(a) hereof.

"Project Budget" shall mean the budget attached hereto as Exhibit H, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

"Public Benefits Program" shall have the meaning set forth in Section 8.21 hereof.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are

included in the budget set forth in the Plan or otherwise referenced in the Plan.

"Release Amount" shall have the meaning set forth in Section 8.25 hereof.

"Scope Drawings" shall mean preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project, including any amendments or modifications which are entered into or agreed upon prior to the Closing Date.

"Subsequent Project Phase" shall mean the work relating to the renovation of the Theater to be performed by Turner Construction Company, which work is not covered by the agreement dated October 20, 1997 between the Developer and Turner Construction Company relating to other portions of the Project.

"Survey" shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 45 days prior to the Closing Date (or as may be acceptable to DPD), acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the Facility and related improvements as required by the City or lender(s) providing Lender Financing).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the later of: (a) the date on which all Bonds, if any, evidencing tax increment financing under the Act secured in whole or in part by Incremental Taxes generated by the Project shall be redeemed; (b) the date on which the Redevelopment Area is in effect (through and including June 19, 2007; or (c) the date on which the Developer has complied with all of its covenants and obligations under this Agreement.

"TIF-Funded Improvements" shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Plan and (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement.

"Title Company" shall mean Chicago Title Insurance Company.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the City as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

"Trust" shall mean the trust described in Trust Agreement dated November 19, 1996 and known as Trust No. 122332-01, and of which American National Bank and Trust Company is the trustee.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

"WBE(s)" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Building, the Developer shall have commenced the renovation of the Hotel, the Theater and the Office Building, pursuant to the Plans and Specifications, no later than the Closing Date. The Developer shall have commenced the Public Improvements, pursuant to the Plans and Specifications, no later than the date hereof. The Developer shall, pursuant to the Plans and Specifications: (i) complete the renovation of the Hotel and conduct business operations therein no later than September 1, 1998 (except for the bars and restaurants in the Hotel, which shall be completed no later than October 1, 1999); (ii) complete the renovation of the Theater and conduct business operations therein no later than October 1, 1999; (iii) complete the selected renovations of the Office Building and conduct business operations therein no later than January 1, 1999; and (iv) complete the Public Improvements no later than June 30, 1999.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings and Plans and Specifications to DPD and DPD has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan as amended from time to time and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Seventy-Seven Million, Seven Hundred Thousand Dollars (\$77,700,000). The Developer hereby certifies to the City that (a) the City Funds, together with Lender

Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be delivered by the Developer to the City concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Orders that would authorize or cause any of the following to occur must be submitted by the Developer to DPD for DPD's prior written approval: (a) a reduction in the total square footage of the Project, (b) the change of the proposed use of any portion of the Project, or (c) a delay in the completion of any portion of the Project. The Developer shall not authorize or permit the performance of any work relating to such Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval as required herein. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has agreed to make available pursuant to this Agreement or provide any other additional assistance to the Developer.

3.05 DPD Approval. Any approval granted by DPD of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DPD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

3.06 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding; provided, that with respect to portions of the Project with respect to which construction work has begun prior to the Closing Date, the Developer shall provide evidence of compliance with this section prior to the Closing Date.

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04). The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Property.

3.08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DPD shall be selected by DPD to act as the inspecting agent or architect, at the Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project.

3.09 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

3.10 Signs and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications.

3.11 Utility Connections. The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

3.12 Permit Fees. In connection with the Project, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City of Chicago and are of general applicability to other property within the City of Chicago.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$77,700,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Developer Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	\$12,100,000
Lender Financing	44,000,000
Estimated City Funds (subject to <u>Section 4.03</u>)	17,600,000
Theater Equity	4,000,000

ESTIMATED TOTAL **\$ 77,700,000**

4.02 Developer Funds. Equity and/or Lender Financing may be used to pay any Project cost, including but not limited to Redevelopment Project Costs.

4.03 City Funds.

(a) Uses of City Funds. City Funds may be used to pay directly or reimburse the Developer for the costs of TIF-Funded Improvements only that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to adjustment as provided for in Section 4.05(b) hereof), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to reserve City funds from Bond Proceeds in the amount of \$17,600,000 (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements; provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed the lesser of Seventeen Million Six Hundred Thousand Dollars (\$17,600,000) or twenty-three and six-tenths percent (23.6%) of the actual total Project costs.

(c) Conditional Grant of City Funds. The City Funds provided hereunder are being provided to the Developer on a conditional basis, and the provision of such funds is subject to the Developer's compliance with certain use, operating and job creation covenants set forth in Section 8.06 hereof. Upon the Developer's failure to comply with any of such covenants relating to the Hotel or the Theater during the time periods described below (which shall constitute an Event of Default under Section 15.01 hereof if such failure is not cured after receipt of written notice and within the time frame for cure specified in Section 15.03 hereof), the

Developer shall pay to the City an amount calculated as follows (the "Payment Obligation"):

(i) during the period beginning on the Closing Date and ending on the fifth anniversary of the Completion Date (or, if earlier, the fifth anniversary of the date that the City has issued a Component Completion Certificate for both the Hotel and Theater portions of the Project), the total amount of City Funds provided by the City hereunder (less the amount of \$4,500,000) shall be paid to the City by the Developer;

(ii) the Payment Obligation shall be reduced by one-third on the fifth anniversary date of the Completion Date (or, if earlier, the fifth anniversary of the date that the City has issued a Component Completion Certificate for both the Hotel and Theater portions of the Project); and

(iii) on every anniversary of the Completion Date (or, if earlier, the date that the City has issued a Component Completion Certificate for both the Hotel and Theater portions of the Project) after the fifth anniversary, the Payment Obligation shall be reduced by ten percent (10%) of the amount remaining after the reduction described in (ii) above, with the Payment Obligation being reduced to zero dollars on the fifteenth anniversary of the Completion Date (or, if earlier, the fifteenth anniversary of the date that the City has issued a Component Completion Certificate for both the Hotel and Theater portions of the Project).

4.04 Construction Escrow. The City shall be added as a party to the Escrow Agreement. All disbursements of Project funds (except for the reimbursement of certain Prior Expenditures, which the City may make directly to the Developer) shall be made through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. In case of any conflict between the terms of this Agreement and the Escrow Agreement, the terms of this Agreement shall control.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD no later than forty-five (45) days after the Closing Date as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right, in its sole

discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as Prior Expenditures as of the date hereof. Prior Expenditures made for items other than TIF-Funded Improvements shall only reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$25,000 or \$100,000 in the aggregate, may be made without the prior written consent of DPD.

(c) Allocation of Costs With Respect To Sources of Funds.

(i) Disbursement of Equity. Each amount paid pursuant to this Agreement, whether for TIF-Funded Improvements or otherwise, shall be charged first to Equity; provided that Equity in the amount of \$4,000,000 set forth in Section 4.01 hereof as relating to the Theater may be made available by the Developer after the City Funds and funds from Lender Financing have been disbursed in full or in part, hereunder.

(ii) Pro Rata Disbursement of Lender Financing and City Funds. Insofar as the type and timing of the expenditures permit, with respect to the disbursement of Lender Financing and City Funds, the proportion of the aggregate amount of funds disbursed from Lender Financing (whether for TIF-Funded Improvements or non-TIF-Funded Improvements) to the aggregate amount of funds disbursed from City Funds, shall not be less than 2.50 to 1.00, and shall be disbursed as follows:

(A) Costs of non-TIF-Funded Improvements. After there is no Equity remaining (other than Equity for the Theater), each amount paid pursuant to this Agreement, for costs other than TIF-Funded Improvements, shall be charged to Lender Financing.

(B) Costs of TIF-Funded Improvements. After there is no Equity remaining (other than Equity for the Theater), each amount paid pursuant to this Agreement, for costs of TIF-Funded Improvements, shall be charged either to Lender Financing (in order to meet the pro rata disbursement requirement set forth above) or City Funds, to be used to directly pay for or reimburse the Developer for TIF-Funded Improvements.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, the Developer shall be solely responsible for such excess costs, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds.

4.07 City Improvements. The City hereby agrees that, in addition to providing City Funds under the terms and conditions herein, the City shall make, or cause to be made, the public improvements along Randolph Street, LaSalle Street and Wells Street that are described on Exhibit R hereto; provided, that the maximum amount that the City shall spend in making such public improvements shall be \$398,650.

SECTION 5. CONDITIONS PRECEDENT

The following conditions shall be complied with to the City's satisfaction within the time periods set forth below or, if no time period is specified, prior to the Closing Date:

5.01 Project Budget. The Developer shall have submitted to DPD, and DPD shall have approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings and Plans and Specifications. The Developer shall have submitted to DPD, and DPD shall have approved, the Scope Drawings and Plans and Specifications accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. Not less than five (5) days prior to the First Development Disbursement for any portion of the Project, the Developer shall have secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation with respect to such portion and shall submit evidence thereof to DPD.

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City that the Developer has available, or has already contributed to the Project, Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer shall have furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with other sources set forth in Section 4.01) to complete the Project. Any lender providing Lender Financing must execute a Subordination Agreement, on a form provided by the City, pursuant to which such lender will agree to subordinate its liens on the Property to certain covenants contained in this Agreement.

5.05 Title. On the Closing Date, the Developer shall furnish the City with a copy of the Title Policy for the Property, certified by the Title Company, in at least the amount of the City Funds, showing the City as the named insured. The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit G hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. Not less than five (5) business days prior to the Closing Date, the Developer, at its own expense, shall have provided the City with current searches under the Developer's name (and the following trade names of the Developer: (None) as follows:

Secretary of State	UCC search
Secretary of State	Federal tax search
Cook County Recorder	UCC search
Cook County Recorder	Fixtures search
Cook County Recorder	Federal tax search
Cook County Recorder	State tax search
Cook County Recorder	Memoranda of judgments search
U.S. District Court	Pending suits and judgments
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing no liens against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

5.07 Surveys. Not less than five (5) business days prior to the Closing Date, the Developer shall have furnished the City with three (3) copies of the Survey.

5.08 Insurance. The Developer, at its own expense, shall have insured the Property in accordance with Section 12 hereof. At least five (5) business days prior to the Closing Date, certificates required pursuant to Section 12 hereof evidencing the required coverages shall have been delivered to DPD.

5.09 Opinion of the Developer's Counsel. On the Closing Date, the Developer shall furnish the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J,

with such changes as may be required by or acceptable to Corporation Counsel. If the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions shall be obtained by the Developer from its general corporate counsel.

5.10 Evidence of Prior Expenditures. Not less than twenty (20) business days prior to the Closing Date, the Developer shall have provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.11 Financial Statements. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided Financial Statements to DPD for its three most recent fiscal years, and audited or unaudited interim financial statements; provided, that Financial Statements for the fiscal years of the Developer, if any, ending prior to January 1, 1997 are not required to be audited.

5.12 Documentation. The Developer shall have provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters.

5.13 Environmental. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided DPD with copies of that certain phase I environmental audit completed with respect to the Property. Based on the City's review thereof, the City may, in its sole discretion, require the completion of a phase II environmental audit with respect to the Property prior to the Closing Date. The City reserves the right to terminate negotiations with respect to this Agreement if, in the City's view, such audits reveal the existence of material environmental problems. Prior to the Closing Date, the Developer shall provide the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Organizational Documents; Trust Documents. The Developer shall provide a copy of its Articles of Organization containing the original certification of the Secretary of State of Illinois; a certificate of good standing from the Secretary of State of Illinois and all other states in which the Developer is qualified to do business; a secretary's certificate regarding authorization, incumbency and other matters in such form and substance as the Corporation Counsel may require; and such other corporate documentation as the City may request. The Developer shall provide copies, certified by the Trustee, of the Trust Agreement establishing the Trust and any letters of direction from the Developer relating to the execution of the Agreement.

5.15 Litigation. The Developer shall provide to Corporation Counsel and DPD, at least ten (10) business days prior to the Closing Date, a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

5.16 Preconditions of Disbursement. Prior to each disbursement of City Funds hereunder, the Developer shall submit documentation of such expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Developer to DPD of any request of disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) the total amount of the disbursement request represents the actual amount payable to (or paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees;

(b) all amounts shown as previous payments on the current disbursement request have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current disbursement request, and such work and materials conform to the Plans and Specifications (except for Change Orders permitted hereunder);

(d) the representations and warranties contained in this Redevelopment Agreement are true and correct and the Developer is in compliance with all covenants contained herein;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens;

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred; and

(g) the Project is In Balance. The Project shall be deemed to be in balance ("In Balance") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "Available Project Funds" as used herein shall mean: (i) the undisbursed City Funds; (ii) the undisbursed Lender Financing; (iii) the undisbursed Equity and (iv) any other amounts deposited by the Developer pursuant to

this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the escrow agent, cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct. The Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the Bond Ordinance, the Bonds, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

5.17 City Mortgage. In order to secure the Developer's compliance with its Payment Obligation, the Developer and the Trustee shall, on the Closing Date, execute a junior mortgage, in the form attached hereto as Exhibit Q, in favor of the City (the "City Mortgage"), which City Mortgage shall be recorded against the Property in the Office of the Recorder of Deeds of Cook County at the Developer's expense.

5.18 Intercreditor Agreement. To the extent deemed necessary or advisable by DPD, the City and any entity providing Lender Financing shall have entered into an agreement regarding the respective rights and obligations of the parties thereto regarding the Lender Financing, the City Mortgage and the restrictive covenant described in Section 8.25 hereof, in form and substance satisfactory to the City and consistent with the terms and provisions of this Agreement. Such agreement may, in DPD's discretion, contain provisions regarding the extent to which the lien under the City Mortgage shall be subordinate to any lien under such Lender Financing, it being understood by the parties hereto that the City's subordination shall be limited to the extent set forth in Section 16(c) hereof. Any such agreement shall set forth the relative rights of the parties thereto with respect to the priority of their liens and their rights to pursue remedies.

5.19 Theater Lease. The City shall have received and approved the terms of the lease agreement between the Developer and the operator of the Theater, with the review of the City to be with respect to the such lease agreement being consistent with the terms of this Agreement.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. (a) Except as set forth in Section 6.01(b) below, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with, and having an office located in, the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. (i) For the TIF-Funded Improvements, the Developer shall select the General Contractor (or shall cause the General Contractor to select the subcontractor) submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer selects a General Contractor (or the General Contractor selects any subcontractor) submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. (ii) For Project work other than the TIF-Funded Improvements, if the Developer selects a General Contractor (or the General Contractor selects any subcontractor) who has not submitted the lowest responsible bid, the difference between the lowest responsible bid and the higher bid selected shall be subtracted from the actual total Project costs for purposes of the calculation of the amount of City Funds to be contributed to the Project pursuant to Section 4.03(b) hereof. In each instance, in determining whether the lowest responsible bid is selected, it shall be appropriate to take into account the requirements of Sections 8.09 and 10 of this Agreement. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered into in connection with the TIF-Funded Improvements prior to the Closing Date shall be provided to DPD prior to the Closing Date. Photocopies of all contracts or subcontracts to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of their execution thereof. The Developer has ensured or shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until all requisite permits have been obtained consistent with the Plans and Specifications approved by DPD pursuant to this Agreement.

(b) If, prior to entering into an agreement with a General Contractor for construction of the Project, the Developer does not solicit bids pursuant to Section 6.01(a) hereof, then the fee of the General Contractor proposed to be paid out of City Funds shall be limited to ten percent (10%) of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit bids from all subcontractors.

6.02 Construction Contract. Prior to the execution of the Agreement, the Developer shall deliver to DPD a certified copy of the Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above for DPD's written approval, together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. (a) Prior to commencement of any work on the Project which will take place in the public way, the Developer shall require that the General Contractor be bonded for its performance and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. The City shall be named as obligee or co-obligee on such bond. (b) Prior to the earlier to occur of (i) commencement of work by Turner Construction Company of work on the Subsequent Project Phase or (ii) ninety (90) days from the date hereof, Turner Construction Company shall be bonded for its performance and payment with respect to the Subsequent Project Phase by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. The City shall be named as obligee or co-obligee on any such bond(s).

6.04 Employment Opportunity. The Developer shall contractually obligate and cause the General Contractor and, to the extent practicable given the state of progress in completing the Project prior to the date hereof, each subcontractor to agree to the provisions of Section 10 hereof; provided, however, that in all events Developer shall demonstrate to the satisfaction of the Commissioner of DPD by written certification and appropriate supporting documents and/or information that there has been compliance with the requirements of Sections 8.09 and 10 hereof.

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Construction or Rehabilitation. Upon completion of the portion of the Project relating to the renovation of the Building as a whole in accordance with the terms of this Agreement and after the final disbursement from the Escrow, and upon the Developer's written request, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. Upon completion of the portion of the Project relating

to the renovation of the Office Building, the renovation of the Hotel or the renovation of the Theater in accordance with the terms of this Agreement and after the final disbursement from the Escrow made with respect to such portion of the Project, and upon the Developer's written request, DPD shall issue to the Developer a Component Completion Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete such portion of the Project in accordance with the terms of this Agreement. DPD shall respond to the Developer's written request for a certificate under this section within thirty (30) days by issuing either a certificate as requested or a written statement detailing the ways in which the Project (or portion thereof) does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the certificate. The Developer may resubmit a written request for a certificate upon completion of such measures.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The certificate issued pursuant to Section 7.01 hereof relates only to the portion of the Project described therein, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of any such certificate hereunder, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of any certificate hereunder shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.02, 8.06 and 8.25 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate or a Component Completion Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate or a Component Completion Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.03 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of this Agreement, then the City shall have, but shall not be limited to, any of the following rights and remedies:

(a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer to the extent of the Payment Obligation set forth in Section 4.03(c) hereof, provided that the City is entitled to rely on an opinion of counsel that such reimbursement will not jeopardize the tax-exempt status of any applicable Bonds issued on a tax-exempt basis.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER AND TRUSTEE.

8.01 General. The Developer represents, warrants and covenants, and the Trustee represents, warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

(a) the Developer is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) each of the Developer and Trustee has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by the Developer and the Trustee of this Agreement has been duly authorized by all necessary action, and does not and will not violate the Articles of Organization or Operating Agreement, as amended and supplemented, of the Developer, or the applicable organizational documents of the Trustee, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement,

instrument or document to which the Developer or the Trustee is now a party or by which the Developer or the Trustee is now or may become bound;

(d) except for any actions as to which DPD has provided its prior written consent, the Trustee has acquired and shall maintain good, indefeasible and merchantable fee simple title to the Property, and the Developer has and shall maintain the entire beneficial interest in the Trust, in each case free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget, non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof and liens permitted under Section 8.01(j) hereof);

(e) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature;

(f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or, to the knowledge of Developer, threatened or affecting the Developer which would materially impair its ability to perform under this Agreement;

(g) the Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(h) the Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound;

(i) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of the Developer, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements;

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; provided, that the Developer's ability to transfer all or any portion of the Property pursuant to this subsection (j) shall be subject to the provisions of Section 8.01(d) hereof; (3) enter into any transaction outside the ordinary course of the Developer's

business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) the Developer has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget; and

(l) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Bond Ordinance, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section shall run with the land and be binding upon any transferee.

8.03 Redevelopment Plan. The Developer represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

8.04 Use of City Funds. City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer for its payment for) the TIF-Funded Improvements as provided in this Agreement.

8.05 Other Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any additional bonds in connection with the Project, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The

Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Job Creation and Retention; Covenant to Remain in the City. The Developer shall create jobs for and retain not less than the following number of Full-Time Equivalents for each portion of the Project as described below, with all such jobs to be created by January 1, 1999 (with respect to the Hotel jobs, except for jobs relating to the bars and restaurants in the Hotel), or January 1, 2000 (with respect to the Theater jobs and jobs relating to the bars and restaurants in the Hotel), and to be retained until the earlier of (A) the fifteenth anniversary of the Completion Date or (B) with respect to the Office Building, Hotel or Theater portion of the Project, the fifteenth anniversary of the issuance of the Component Completion Certificate for such portion: (i) the Hotel (inclusive of restaurants and bars) - 300 Full-Time Equivalents; (ii) the Theater - 146 Full-Time Equivalents during such periods of time as productions are being performed at the Theater, and 21 Full-Time Equivalents otherwise, and (iii) the Office Building - 10 Full-Time Equivalents. In addition, the Developer agrees that jobs for 400 Full-Time Equivalents shall be created in connection with the renovation of the Building. The Developer hereby covenants and agrees to maintain its operations within the City of Chicago at the Property through the fifteenth anniversary of the Completion Date. The Developer covenants to the City that, until the earlier of (C) the fifteenth anniversary of the Completion Date or (D) if a Component Completion Certificate is issued with respect to the Theater portion of the Project, the fifteenth anniversary of the date of issuance of such Component Completion Certificate, the Developer shall use the Theater, or cause the Theater to be used, for the presentation of live theatrical, cultural and entertainment events for not less than an aggregate of 120 weeks for any five year period. The Developer covenants to the City that the Hotel shall be operated as a first-class hotel until the earlier of (E) the fifteenth anniversary of the Completion Date or (F) if a Component Completion Certificate is issued with respect to the Hotel portion of the Project, the fifteenth anniversary of the date of issuance of such Component Completion Certificate. The Hotel shall not cease to operate as such during such period of time for a continuous period of time of more than 12 months, and such non-operation shall only be related to necessary repair or rehabilitation work (it being understood that the job retention covenants for the Hotel set forth above shall not apply during any such period that the Hotel is not in operation due to necessary repair or rehabilitation work). The Developer agrees that, until the fifteenth anniversary of the Completion Date, without the prior written consent of DPD, the Developer shall not change the use of any portion of the Building from its use on the date hereof;

provided, that any change in use of the Office Building shall be subject to the provisions of Section 8.25 hereof. The covenants set forth in this Section shall run with the land and be binding upon any transferee.

8.07 Employment Opportunity/Progress Reports. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Sections 8.09 and 10 hereof, subject to the qualifications to such undertakings set forth in Section 6 above. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% complete (based on the amount of expenditures incurred in relation to the Project Budget).

8.08 Employment Profile. The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.09 Prevailing Wage. The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.09.

8.10 Arms-Length Transactions. Unless DPD shall have given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

8.11 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the

Developer with respect thereto, owns or controls, has owned or controlled or will own or control any interest, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

8.12 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

8.13 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the Developer's fiscal year ended December 31, 1997, and each June 30 thereafter for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

8.14 Insurance. The Developer, at its own expense, shall comply with all provisions of Section 12 hereof.

8.15 Non-Governmental Charges. (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

(b) Right to Contest. The Developer shall have the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

8.16 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder or to repay any material liabilities or perform any material obligations of the Developer to any other person or entity. The Developer shall immediately notify DPD of any and all events or actions which may materially affect the Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8.17 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.18 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of the county in which the Project is located. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.19 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

8.20 Asbestos Report. Prior to the Closing Date, the Developer shall provide the City with a written report regarding the asbestos remediation that was performed in connection with the renovation of the Building

8.21 Public Benefits Program. The Developer shall enter into that certain Public Benefits Agreement with the City dated as of the date hereof, substantially in the form attached hereto as Exhibit N, to cause the development and implementation of a public benefits program ("Public Benefits Program") affecting the operation of the Theater.

8.22 Agreement to Provide Assistance to the Chicago School Reform Board of Trustees. The Developer shall enter into that certain Agreement to Provide Assistance to the Chicago School Reform Board of Trustees with the City dated as of the date hereof, substantially in the form attached hereto as Exhibit O, whereby Developer shall inter alia make its theatrical resources available to the Chicago School Reform Board of Trustees. Such efforts must be contributed by Developer from the execution date of the Agreement until the expiration of the Term of the Agreement.

8.23 Public Benefits Status Reports. On a semi-annual basis, the Developer shall provide the City with a status report describing in sufficient detail Developer's compliance with the Public Benefits Program and the Agreement to Provide Assistance to the Chicago School Reform Board of Trustees.

8.24 Job Training/Job Readiness Program. The City intends to establish a work readiness and job training program (the "Job Training And Job Readiness Program") in order to help prepare individuals to work for businesses located within the Redevelopment Area. The general terms and goals of the Job Training And Job Readiness Program are described on Exhibit P attached hereto, which may from time to time be further modified, refined and supplemented to provide a more detailed basis for implementation. The Developer hereby agrees to use its best efforts to participate in the Job Training And Job Readiness Program.

8.25 Restrictive Covenant Regarding Office Use. As provided in Section 8.06 hereof, the Developer shall not change the use of the Office Building from its use on the date of this Agreement without the prior written consent of the DPD (except as indicated on the Plans and Specifications with respect to the change in use of a portion of the Office Building to conference and meeting rooms for the Hotel). This restriction on changes in use is intended to be a restrictive covenant on the Property that runs with the land, is binding upon any transferee (including any transferee who takes title to the Property pursuant to a foreclosure or deed in lieu of foreclosure, provided that any such transferee shall not be obligated to pay the Release Amount to the City in connection with such foreclosure or transfer if the use of the Office Building is not being changed), and is in effect until the earlier of (A) the fifteenth anniversary of the Completion Date or (B) if a Component Completion Certificate is issued with respect to the Office Building portion of the Project, the fifteenth anniversary of the date of issuance of such Component Completion Certificate (the

earlier date of the issuance of a Completion Certificate or the issuance of a Component Completion Certificate for the Office Building portion being referred to in this section as the "Office Compliance Period Date"). The parties hereby agree that upon payment by the Developer of the amount specified below (the "Release Amount") to the City, DPD shall deliver to the Developer a release of such restrictive covenant, with such release to be in a form suitable for recording with the Office of the Recorder of Deeds of Cook County against the Property and otherwise acceptable to DPD and the Developer. The Release Amount shall be calculated as follows: (i) the Release Amount shall be equal to \$4,500,000 during the period beginning on the Closing Date and ending on the fifth anniversary of the Office Compliance Period Date; and (ii) the Release Amount shall be reduced to \$3,000,000 on the fifth anniversary of the Office Compliance Period Date, and shall be further reduced on each successive anniversary of the Office Compliance Period Date by \$300,000, with the Release Amount being reduced to zero dollars on the fifteenth anniversary of the Office Compliance Period Date.

8.26 Letters of Credit. In order to provide an additional source of partial repayment of the Payment Obligation, the Developer shall deliver to the City, on or prior to the Completion Date (or, if such date is earlier, on or prior to the date that the City shall issue a Component Completion Certificate for the Hotel or the Theater portion of the Project), two letters of credit in favor of the City. Each letter of credit shall be in the amount of \$500,000, and shall have a term which begins on the Completion Date (or, if earlier, the date of issuance of the applicable Component Completion Certificate) and extends until five years from the Completion Date (or, if applicable, the date of issuance of the applicable Component Completion Certificate); provided, that instead of each letter of credit having a five year term, each letter of credit may (i) have a one-year term which is to be renewed annually for five successive years by the issuing institution, or (ii) have a one-year term, and provide that if the issuing institution does not issue a notice of renewal to DPD within 60 days of the expiration date of the letter of credit, then the City shall be permitted to draw on the letter of credit. The financial institution issuing each such letter of credit shall be acceptable to DPD. Each letter of credit shall state that it may be drawn upon by the delivery of a certificate from DPD stating that the letter of credit is available to be drawn upon pursuant to the terms of this Agreement, and DPD shall not be required to provide any other documentation or evidence to the issuing bank prior to drawing on either letter of credit. One of the letters of credit shall be available to be drawn upon by the City upon the Developer's failure to comply with its obligations regarding use, job creation and operation as set forth in Section 8.06 with respect to the Theater. The other letter of credit shall be available to be drawn upon by the City upon the Developer's failure to comply with its obligations regarding job creation and operation

set forth in Section 8.06 with respect to the Hotel. The Payment Obligation of the Developer shall be reduced by any amounts drawn on the letters of credit.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

9.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for

employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) in every contract entered into in connection with the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any Affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or Affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.02 City Resident Construction Worker Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to

complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Developer may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Purchasing Agent of the City.

"Actual residents of the City" shall mean persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

The Developer, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DPD in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Purchasing Agent, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

At the direction of DPD, affidavits and other supporting documentation will be required of the Developer, the General Contractor and each subcontractor to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

Good faith efforts on the part of the Developer, the General Contractor and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Purchasing Agent) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Purchasing Agent's determination as to whether the Developer must surrender damages as provided in this paragraph.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents.

The Developer shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

10.03 The Developer's MBE/WBE Commitment. The Developer agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that, during the Project:

a. Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the total Project Budget (less (i) the acquisition price of the Property or any portion thereof, if any, and (ii) the costs noted in the Project Budget as being the subject of special waiver or as not relating to the construction portion of

the Project) shall be expended for contract participation by MBEs or WBEs:

- i. At least 25 percent by MBEs.
- ii. At least 5 percent by WBEs.

b. For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago.

c. Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer), or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as a General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.03. The Developer or the General Contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.

d. The Developer shall deliver quarterly reports to DPD during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DPD in determining the Developer's compliance with this MBE/WBE commitment. DPD shall have access to the Developer's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with Section 14 of this Agreement, on five (5) business days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation

and the status of any MBE or WBE performing any portion of the Project.

e. Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

f. Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

g. Prior to the Closing Date, the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

h. The Developer agrees that, with respect to the activities excluded from the Project Budget for purposes of this Section 10.03 as described in subsection (a)(ii) hereof, the Developer shall use its best efforts to contract with MBEs and WBEs for such activities.

SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance] and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which the Developer, or any person directly or indirectly controlling, controlled by or under common control with the Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by the Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

The Developer shall provide and maintain, or cause to be provided, at the Developer's own expense, during the term of this Agreement, the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement

(i) Workers Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. coverages shall include the following: All premises and operations, products/completed operations, independent contractors, separation of insureds,

defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(b) Construction

(i) Workers Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$500,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability Insurance (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Contractor shall provide Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory bases.

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or transit property, Contractor shall

When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(ix) All Risk Property Insurance

Upon the Completion Date, the Developer shall provide All Risk Property Insurance in the amount of full replacement value of the Property including improvements and betterments to protect against loss or damage to or destruction of the Building. The City of Chicago shall be named as an additional insured and loss payee.

(c) Other Requirements

The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer shall submit evidence of insurance prior to the execution of this Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Developer shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.

The insurance shall provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any and all deductibles or self insured retentions on referenced insurance coverages shall be borne by the Developer.

The Developer agrees that insurers shall waive rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The Developer expressly understands and agrees that any coverages and limits furnished by the Developer shall in no way limit the Developer's liabilities and responsibilities specified within the Agreement documents or by law.

The Developer expressly understands and agrees that the Developer's insurance is primary and any insurance or self insurance programs maintained by the City of Chicago shall not contribute with insurance provided by the Developer under the Agreement.

The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

The Developer shall require the contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the Contractor, or subcontractors. All Contractors and subcontractors shall be subject to the same requirements (Section C) of Developer unless otherwise specified herein.

If the Developer, Contractor or subcontractor desires additional coverages, the Developer, Contractor and each subcontractor shall be responsible for the acquisition and cost of such additional protection.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

SECTION 13. INDEMNIFICATION

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement, or (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the Redevelopment Plan or any

other document related to this Agreement that is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer or (iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Developer's loan statements, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer's offices during normal business hours upon reasonable advance notice for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 15. DEFAULT AND REMEDIES

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by the Developer hereunder:

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Agreement, the City Mortgage or any related agreement (including those attached hereto as Exhibits N and O);

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution, the effect of which would materially adversely affect the ability of the Developer to perform its obligations under this Agreement;

(h) the occurrence of an event of default under the Lender Financing, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer or the death of any natural person who owns a material interest in the Developer; or

Document No. SO 98-2610

PASSED by the City Council of the City of Chicago and deposited in the office of the City Clerk of said City.

SEP - 9 1998

James J. Laski
City Clerk City of Chicago

APPROVED *[Signature]*
CORPORATION COUNSEL

APPROVED *[Signature]*
Mayor
19

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Developer, for any crime (other than a misdemeanor).

For purposes of Sections 15.01(i) and 15.01(j) hereof, a person with a material interest in the Developer shall be one owning in excess of thirty-three percent (33%) of the Developer's membership interests.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer shall have failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer shall have failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any

portion thereof is referred to herein as a "New Mortgage." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a mortgage or deed of trust (other than an Existing Mortgage or a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party shall have no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Developer of a Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD, which consent shall not be unreasonably withheld or delayed so long as

such New Mortgage and the financing it secures is consistent with the requirements and limitations contained in this Agreement and in the City Mortgage; provided, that the City shall agree that the lien of the City under the City Mortgage shall only be subordinate to the lien under a New Mortgage if it relates to financing obtained by the Developer (i) which is intended to replace the Lender Financing and (ii) the principal amount of which does not exceed the original principal amount of Lender Financing and the amount of Equity contributed by the Developer (including the Theater Equity) to the Project hereunder.

SECTION 17. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified mail, return receipt requested.

If to the City: City of Chicago
 Department of Planning and Development
 121 North LaSalle Street, Room 1000
 Chicago, IL 60602
 Attention: Commissioner

With Copies To: City of Chicago
 Department of Law
 Finance and Economic Development Division
 121 North LaSalle Street, Room 511
 Chicago, IL 60602

If to the Developer: Palmet Venture L.L.C.
 134 North LaSalle Street, Suite 906
 Chicago, Illinois 60602

With Copies To: Alzheimer & Gray
 10 South Wacker Drive, Suite 4000
 Chicago, Illinois 60606
 Attention: Maria Saldana

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the business day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended without the prior written consent of the City.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances and/or the Bond Ordinance, such ordinance(s) shall prevail and control.

18.12 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.13 Form of Documents. All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

18.14 Approval. Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 Assignment. Prior to the issuance by the City to the Developer of a Certificate, the Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City. Notwithstanding the issuance of such Certificates, any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Section 8.19 (Survival of Covenants) hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the Developer, the City and their respective permitted successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective permitted successors and permitted assigns (as provided herein).

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them shall be considered in

breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder.

18.18 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

18.19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.20 Trustee Exculpatory Language. This Agreement is executed by the Trustee, not personally, but solely as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee, and said Trustee hereby warrants that it possesses full power and authority to execute this Agreement, and it is expressly understood and agreed that nothing herein shall be construed as creating any liability on the Trustee personally to perform any covenant either express or implied herein. No personal liability shall be asserted or enforceable against the Trustee by reason of any of the covenants, statements, representations or warranties contained in this Agreement.

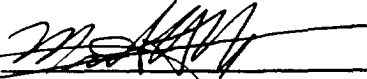
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IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

PALMET VENTURE L.L.C., an Illinois limited liability company


By: RERC/PalMet, L.L.C., an Illinois limited liability company

Its: Managing Member

By:  _____

Its: MANAGING MEMBER

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally, but solely as Trustee under Trust Agreement dated November 17, 1996 and known as Trust No. 122332-01

By:  _____

Its: VP

CITY OF CHICAGO

By: _____

Commissioner, Department
of Planning and Development

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

PALMET VENTURE L.L.C., an Illinois limited liability company

By: RERC/PalMet, L.L.C., an Illinois limited liability company

Its: Managing Member

By: _____


Its: _____

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not personally, but solely as Trustee under Trust Agreement dated November 17, 1996 and known as Trust No. 122332-01

By: _____

Its: _____

CITY OF CHICAGO

By:  _____

Commissioner, Department of Planning and Development

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, BRIAN KOZMINSKI, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that MICHAEL MOYER, personally known to me to be the MANAGING MEMBER of RERC/Palmet, L.L.C., an Illinois limited liability company (the "Company"), and the managing member of PalMet Venture, L.L.C., an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of the Company, as his/her free and voluntary act and as the free and voluntary act of the Company, for the uses and purposes therein set forth.

MARCH GIVEN under my hand and official seal this 5 day of _____, 1998.

Brian Kozminski
Notary Public

My Commission Expires _____

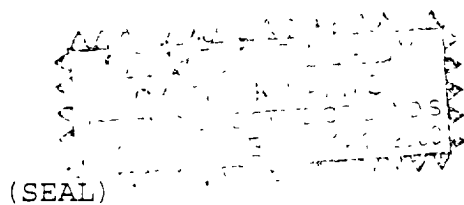
(SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, CYNTHIA K. HARRIS, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Gregory C. Kasprzyk and [REDACTED], personally known to me to be the [REDACTED] and [REDACTED] of American National Bank and Trust Company of Chicago, not personally, but as trustee under Trust Agreement dated November 19, 1996 and known as Trust No. 122332-01, an Illinois corporation (the "Trustee"), and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Board of Directors of the Trustee, as their free and voluntary act and as the free and voluntary act of the Trustee, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 11th day of 11/11/98, 1998



Cynthia K. Harris
Notary Public

My Commission Expires _____

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, ELLEN A. O'CONNOR, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that CHRISTOPHER R. HILL, personally known to me to be the Commissioner of the Department of Planning and Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed, and delivered said instrument pursuant to the authority given to her by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 5th day of MARCH, 1998.

Ellen A. O'Connor
Notary Public

My Commission Expires _____
"OFFICIAL SEAL"
Ellen A. O'Connor
Notary Public, State of Illinois
My Commission Exp. 11/17/2001

EXHIBIT A

The boundaries of the Added Project Area are legally described as follows:

Subarea 1

A TRACT OF LAND COMPRISED OF ALL OR PARTS OF BLOCKS 19, 20, 31, 32, 33, 40 AND 41 IN THE ORIGINAL TOWN OF CHICAGO, TOGETHER WITH PARTS OF STREETS AND ALLEYS ADJOINING SAID BLOCKS, IN THE SOUTH HALF OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, WHICH TRACT IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF NORTH LaSALLE STREET AS WIDENED WITH THE NORTH LINE OF BLOCK 33;

THENCE WEST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST LAKE STREET) TO THE WEST LINE OF SAID BLOCK;

THENCE SOUTH ALONG SAID WEST LINE (BEING ALSO THE EAST LINE OF NORTH WELLS STREET) TO THE NORTH LINE OF WEST COUCH PLACE;

THENCE EAST ALONG SAID NORTH LINE TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF LOT 7 IN BLOCK 33;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID WEST LINE, TO THE SOUTH LINE OF SAID BLOCK;

THENCE EAST ALONG SAID SOUTH LINE (BEING ALSO THE NORTH LINE OF WEST RANDOLPH STREET) AND ALONG THE EASTWARD EXTENSION OF SAID SOUTH LINE, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF BLOCK 39 IN ORIGINAL TOWN OF CHICAGO;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID WEST LINE (BEING ALSO THE EAST LINE OF NORTH LaSALLE STREET) TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE SOUTH LINE OF WEST COURT PLACE;

THENCE WEST ALONG SAID EXTENSION AND ALONG SAID SOUTH LINE TO THE WEST LINE OF BLOCK 40 AFORESAID;

THENCE WEST, CROSSING NORTH WELLS STREET, TO THE NORTHEAST CORNER OF LOT 8 IN BLOCK 41 AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT TO AN INTERSECTION WITH THE SOUTHWARD EXTENSION OF THE WEST LINE OF LOT 1 IN SAID BLOCK;

THENCE NORTH ALONG SAID EXTENSION AND ALONG SAID WEST LINE, TO THE NORTH LINE OF BLOCK 41;

THENCE WEST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST RANDOLPH STREET) TO THE NORTHWEST CORNER OF SAID BLOCK;

THENCE WEST, CROSSING NORTH FRANKLIN STREET, TO THE NORTHEAST CORNER OF BLOCK 42 IN ORIGINAL TOWN OF CHICAGO;

THENCE WEST ALONG THE NORTH LINE OF SAID BLOCK 1 (BEING ALSO THE SOUTH LINE OF WEST RANDOLPH STREET) TO AN INTERSECTION WITH THE SOUTHWARD EXTENSION OF THE WEST LINE OF THE EAST 20 FEET OF LOT 7 IN BLOCK 31 AFORESAID;

THENCE NORTH ALONG SAID EXTENSION AND ALONG SAID WEST LINE, TO THE NORTH LINE OF WEST COUCH PLACE;

THENCE EAST ALONG SAID NORTH LINE TO THE EAST LINE OF BLOCK 31;
THENCE NORTH ALONG SAID EAST LINE (BEING ALSO THE WEST LINE OF
NORTH FRANKLIN STREET) AND ALONG THE NORTHWARD EXTENSION OF SAID
EAST LINE TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE
SOUTH LINE OF BLOCK 20 AFORESAID;

THENCE EAST ALONG SAID EXTENSION, AND ALONG SAID SOUTH LINE
(BEING ALSO THE NORTH LINE OF WEST LAKE STREET) TO THE WEST LINE OF
NORTH POST PLACE;

THENCE NORTH ALONG SAID WEST LINE AND ALONG THE NORTHWARD
EXTENSION THEREOF, TO AN INTERSECTION WITH THE WESTWARD EXTENSION
OF THE NORTH LINE OF WEST HADDOCK PLACE;

THENCE EAST ALONG SAID EXTENSION AND ALONG SAID NORTH LINE TO
THE EAST LINE OF BLOCK 20;

THENCE EAST, CROSSING NORTH WELLS STREET, TO THE INTERSECTION OF
THE WEST LINE OF BLOCK 19 AFORESAID WITH THE NORTH LINE OF WEST
HADDOCK PLACE;

THENCE EAST ALONG SAID NORTH LINE TO AN INTERSECTION WITH THE
WEST LINE OF NORTH LaSALLE STREET AS WIDENED;

THENCE SOUTH ALONG SAID WEST LINE TO THE SOUTH LINE OF BLOCK 19;
THENCE SOUTH, CROSSING WEST LAKE STREET, TO THE POINT OF
BEGINNING;

IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

Subarea 2

A TRACT OF LAND COMPRISED OF PART OF BLOCK 58 AND PARTS OF
ADJACENT STREETS AND ALLEYS IN THE ORIGINAL TOWN OF CHICAGO IN
SECTION 9, TOGETHER WITH ALL OR PARTS OF BLOCKS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11,
12, 14 AND 15 AND PARTS OF ADJACENT STREETS AND ALLEYS IN FORT DEARBORN
ADDITION TO CHICAGO IN SECTION 10, AND ALL OR PARTS OF BLOCKS 1 THRU 10,
AND ALL OR PARTS OF BLOCKS 1 THRU 10 INCLUSIVE AND PARTS OF ADJACENT
STREETS AND ALLEYS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO, AND
ALL OR PARTS OF BLOCKS 113, 114, 120, 122, 123, 124, 137, 138, 139, 140, 141 AND 142 IN
SCHOOL SECTION ADDITION TO CHICAGO, ALL IN TOWNSHIP 39 NORTH, RANGE 14
EAST OF THE THIRD PRINCIPAL MERIDIAN, WHICH TRACT OF LAND IS MORE
PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF BLOCK 8 IN FORT DEARBORN
ADDITION TO CHICAGO IN SECTION 10 AFORESAID;

THENCE EAST ALONG THE NORTH LINE OF SAID BLOCK (BEING ALSO THE
SOUTH LINE OF EAST WACKER DRIVE) TO THE NORTHEAST CORNER OF LOT 6 IN
SAID BLOCK;

THENCE SOUTH ALONG THE EAST LINE OF SAID LOT TO THE NORTH LINE
OF EAST HADDOCK PLACE;

THENCE WEST ALONG SAID NORTH LINE TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF LOT 28 IN BLOCK 8;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE, TO THE SOUTH LINE OF SAID BLOCK;

THENCE EAST ALONG SAID SOUTH LINE (BEING ALSO THE NORTH LINE OF EAST LAKE STREET) TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF LOT 10 IN BLOCK 9 OF FORT DEARBORN ADDITION TO CHICAGO;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE TO THE NORTH LINE OF EAST BENTON PLACE;

THENCE EAST ALONG SAID NORTH LINE, AND ALONG THE EASTWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF THE SOUTH PART OF BLOCK 10 IN FORT DEARBORN ADDITION TO CHICAGO;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID WEST LINE (BEING ALSO THE EAST LINE OF NORTH WABASH AVENUE) AND ALONG THE SOUTHWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF BLOCK 13 IN SAID FORT DEARBORN ADDITION;

THENCE WEST ALONG SAID EXTENSION TO THE NORTHEAST CORNER OF SAID BLOCK 13;

THENCE SOUTH ALONG THE EAST LINE OF SAID BLOCK (BEING ALSO THE WEST LINE OF NORTH WABASH AVENUE) TO THE SOUTHEAST CORNER OF SAID BLOCK;

THENCE WEST ALONG THE SOUTH LINE OF SAID BLOCK (BEING ALSO THE NORTH LINE OF EAST WASHINGTON STREET) TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF BLOCK 14 IN FORT DEARBORN ADDITION;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID WEST LINE (BEING ALSO THE EAST LINE OF NORTH STATE STREET) TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE SOUTH LINE OF LOT 1 IN ASSESSOR'S RESUBDIVISION OF SUB-LOTS 1 TO 5 OF ASSESSOR'S DIVISION OF LOTS 1, 2, 3, 4 AND 5 OF BLOCK 58 IN ORIGINAL TOWN OF CHICAGO AFORESAID;

THENCE WEST ALONG SAID EXTENSION, CROSSING NORTH STATE STREET AND ENTERING SECTION 9 AFORESAID, AND CONTINUING ALONG SAID SOUTH LINE OF SAID LOT 1, TO THE SOUTHWEST CORNER OF SAID LOT;

THENCE NORTH ALONG THE WEST LINE OF SAID LOT TO THE NORTH LINE OF BLOCK 58;

THENCE WEST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST WASHINGTON STREET) TO THE NORTHWEST CORNER OF LOT 7 IN ASSESSOR'S DIVISION OF LOTS 1, 2, 3, 4 AND 5 OF BLOCK 58;

THENCE SOUTH ALONG THE WEST LINE OF SAID LOT TO THE NORTH LINE OF WEST CALHOUN PLACE;

THENCE WEST ALONG SAID NORTH LINE, AND ALONG THE WESTWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF THE SOUTH PART OF BLOCK 57 IN ORIGINAL TOWN OF CHICAGO AFORESAID;

THENCE SOUTH ALONG SAID EXTENSION AND ALONG SAID EAST LINE (BEING ALSO THE WEST LINE OF NORTH DEARBORN STREET) AND ALONG THE SOUTHWARD EXTENSION OF SAID EAST LINE TO THE SOUTHEAST CORNER OF SAID BLOCK 57;

THENCE SOUTHWARD, CROSSING WEST MADISON STREET AND ENTERING SECTION 16, TO THE NORTHEAST CORNER OF BLOCK 119 IN SCHOOL SECTION ADDITION AFORESAID;

THENCE SOUTH ALONG THE EAST LINE OF SAID BLOCK (BEING ALSO THE WEST LINE OF SOUTH DEARBORN STREET) TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE NORTH LINE OF LOT 20 IN THE SUBDIVISION OF BLOCK 142 IN SAID SCHOOL SECTION ADDITION;

THENCE EAST ALONG SAID EXTENSION, AND ALONG SAID NORTH LINE, TO THE NORTHEAST CORNER OF SAID LOT;

THENCE SOUTH ALONG THE EAST LINE OF LOTS 20 THRU 27 INCLUSIVE IN SAID SUBDIVISION, AND ALONG THE SOUTHWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTH LINE OF BLOCK 141 IN SCHOOL SECTION SUBDIVISION AFORESAID;

THENCE EAST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST MONROE STREET) TO THE NORTHWEST CORNER OF THE EAST HALF OF LOT 3 IN SAID BLOCK 141;

THENCE SOUTH ALONG THE WEST LINE OF THE EAST HALF OF SAID LOT TO THE NORTH LINE OF WEST MARBLE (HYDRAULIC) PLACE;

THENCE WEST ALONG SAID NORTH LINE, AND THE WESTWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF LOT 20 IN COUNTY CLERK'S DIVISION OF BLOCK 120 IN SCHOOL SECTION ADDITION;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE (BEING ALSO THE WEST LINE OF SOUTH DEARBORN STREET) AND ALONG THE SOUTHWARD EXTENSION OF SAID EAST LINE, TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE NORTH LINE OF BLOCK 140 IN SCHOOL SECTION ADDITION;

THENCE EAST ALONG SAID EXTENSION AND ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST ADAMS STREET) TO AN INTERSECTION WITH THE WEST LINE OF THE EAST 25 FEET OF LOT 5 IN THE SUBDIVISION OF BLOCKS 83, 92 AND 140 IN SCHOOL SECTION ADDITION;

THENCE SOUTH ALONG SAID WEST LINE TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF THE ALLEY IN THE SUBDIVISION OF LOTS 3 AND 4 IN SAID BLOCK 140;

THENCE EAST ALONG SAID EXTENSION AND ALONG SAID SOUTH LINE TO AN ANGLE POINT;

THENCE SOUTHEASTWARDLY ALONG A SOUTHWESTERLY LINE OF SAID ALLEY TO AN ANGLE POINT;

THENCE SOUTH ALONG A WEST LINE OF SAID ALLEY AND ALONG THE SOUTHWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTH LINE OF LOT 13 IN THE AFOREMENTIONED SUBDIVISION OF BLOCKS 83, 92 AND 140;

THENCE EAST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST QUINCY STREET) TO THE NORTHEAST CORNER OF SAID LOT 13;

THENCE SOUTH ALONG THE EAST LINE OF SAID LOT TO THE SOUTH LINE OF BLOCK 140;

THENCE WEST ALONG SAID SOUTH LINE (BEING ALSO THE NORTH LINE OF WEST JACKSON BOULEVARD) AND ALONG THE WESTWARD EXTENSION THEREOF, TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF LOTS 1, 4, 8, 11, 14, 17, 20 AND 23 IN WRIGHT'S SUBDIVISION OF BLOCK 122 IN SCHOOL SECTION ADDITION;

THENCE SOUTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE (BEING ALSO THE WEST LINE OF SOUTH FEDERAL STREET) TO THE SOUTHEAST CORNER OF SAID LOT 23;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 23 AND THE WESTWARD EXTENSION THEREOF, AND ALONG THE SOUTH LINE OF LOT 22 IN WRIGHT'S SUBDIVISION (BEING ALSO THE NORTH LINE OF WEST VAN BUREN STREET) TO THE SOUTHWEST CORNER OF SAID LOT 22;

THENCE WEST, CROSSING SOUTH CLARK STREET, TO THE SOUTHEAST CORNER OF LOT 22 IN THE SUBDIVISION OF BLOCK 115 OF SCHOOL SECTION ADDITION AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 22 AND LOT 23 (BEING ALSO THE NORTH LINE OF WEST VAN BUREN STREET) TO THE SOUTHWEST CORNER OF SAID LOT 23;

THENCE WEST, CROSSING SOUTH LaSALLE STREET, TO THE SOUTHEAST CORNER OF THAT PART OF SAID STREET VACATED BY ORDINANCE PASSED FEBRUARY 29, 1980, AND RECORDED AUGUST 12, 1980, AS DOCUMENT NUMBER 25545766;

THENCE SOUTH ALONG THE SOUTHWARD EXTENSION OF THE EAST LINE OF SAID VACATION TO AN INTERSECTION WITH THE NORTH LINE OF LOT 3 IN THE SUBDIVISION OF BLOCK 114 OF SCHOOL SECTION ADDITION;

THENCE EAST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF WEST VAN BUREN STREET) TO THE NORTHEAST CORNER OF SAID LOT;

THENCE SOUTH ALONG THE EAST LINE OF LOTS 3, 4, 9, 10, 15, 16, 21 AND 22 (BEING ALSO THE WEST LINE OF SOUTH LaSALLE STREET) TO THE SOUTHEAST CORNER OF SAID LOT 22;

THENCE SOUTH, CROSSING WEST CONGRESS PARKWAY AS SAID EXPRESSWAY IS DEFINED BY THE GENERAL ORDINANCE PASSED OCTOBER 31, 1940, TO THE INTERSECTION OF THE EAST LINE OF LOT 6 IN T.G. WRIGHT'S SUBDIVISION OF BLOCK 113 IN SCHOOL SECTION ADDITION WITH THE SOUTH LINE OF SAID WEST CONGRESS PARKWAY;

THENCE EAST ALONG SAID SOUTH LINE TO AN INTERSECTION WITH THE EAST LINE OF LOT 9 (SAID EAST LINE BEING ALSO THE WEST LINE OF SOUTH PLYMOUTH COURT) IN C.L. AND I. HARMON'S SUBDIVISION OF BLOCK 137 IN SCHOOL SECTION ADDITION;

THENCE NORTH, CROSSING WEST CONGRESS PARKWAY, TO THE INTERSECTION OF THE EAST LINE OF LOT 24 IN T.G. WRIGHT'S SUBDIVISION OF BLOCK 138 IN SCHOOL SECTION ADDITION WITH THE NORTH LINE OF SAID EXPRESSWAY;

THENCE EAST ALONG THE NORTH LINE OF SAID WEST CONGRESS PARKWAY, AND ALONG THE NORTH LINE OF EAST CONGRESS PARKWAY, ENTERING INTO SECTION 15 AFORESAID, TO AN INTERSECTION WITH THE WEST LINE OF SUB-LOT 2 OF LOT 10 IN CANAL TRUSTEE'S SUBDIVISION OF BLOCK 10 OF FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE SOUTH ALONG SAID WEST LINE TO SAID NORTH LINE OF EAST CONGRESS PARKWAY;

THENCE EAST ALONG SAID NORTH LINE TO THE EAST LINE OF SOUTH MICHIGAN AVENUE AS WIDENED;

THENCE NORTH ALONG SAID WIDENED LINE, ENTERING SECTION 10 AFORESAID, TO AN INTERSECTION WITH THE NORTH LINE OF BLOCK 6 IN FORT DEARBORN ADDITION AFORESAID;

THENCE EAST ALONG SAID NORTH LINE (BEING ALSO THE SOUTH LINE OF EAST SOUTH WATER STREET) TO AN INTERSECTION WITH THE SOUTHWARD EXTENSION OF THE EAST LINE OF LOT 6 IN DYER'S SUBDIVISION OF LOTS 6, 7, 8, 9, 10 AND 11 IN BLOCK 5 OF FORT DEARBORN ADDITION TO CHICAGO;

THENCE NORTH ALONG SAID EXTENSION, AND ALONG SAID EAST LINE, TO THE NORTHEAST CORNER OF SAID LOT;

THENCE NORTH, CROSSING A 20 FOOT WIDE ALLEY, TO A POINT ON THE SOUTH LINE OF LOT 11 IN DYER'S SUBDIVISION WHICH IS 124.00 FEET EAST OF THE SOUTHWEST CORNER OF SAID LOT;

THENCE NORTH ALONG A LINE 124.00 FEET EAST FROM, AND PARALLEL WITH, THE WEST LINE OF AFOREMENTIONED BLOCK 5, TO AN INTERSECTION WITH THE SOUTH LINE OF LOT 5 IN SAID BLOCK;

THENCE NORTH TO A POINT ON THE NORTH LINE OF LOT 1 IN SAID BLOCK WHICH IS 121.18 FEET EAST FROM THE NORTHWEST CORNER OF SAID LOT;

THENCE CONTINUING NORTH ALONG A NORTHWARD EXTENSION OF THE LAST DESCRIBED LINE TO AN INTERSECTION WITH THE NORTHERLY LINE OF EAST WACKER DRIVE (RIVER STREET) AS WIDENED;

THENCE WESTWARDLY, SOUTHWESTWARDLY, NORTH AND SOUTHWESTWARDLY ALONG SAID NORTHERLY LINE, AND ALONG THE SOUTHERLY DOCK LINE OF THE CHICAGO RIVER TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF BLOCK 8 OF FORT DEARBORN ADDITION AFORESAID;

THENCE SOUTH ALONG SAID EXTENSION TO THE POINT OF BEGINNING; EXCEPTING FROM THE ABOVE DESCRIBED TRACT LOTS 19 THRU 25, INCLUSIVE, IN BLOCK 10 IN FORT DEARBORN ADDITION TO CHICAGO;

IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

II.
REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

Subarea 3

A tract of land consisting of Lots and Blocks or parts thereof and streets and alleys of Blocks 16, 17, 35, 36, 37 and 58 in the Original Town of Chicago in the East part of the S.E. 1/4 of Section 9 Township 39 North, Range 14 and part of Blocks 8 and 9 in the Fort Dearborn Addition to Chicago in the S.W. Fractional 1/4 of Section 10, Township North, Range 14 East of the Third Principal Meridian, in the City of Chicago, County of Cook, State of Illinois and;

Bounded as follows: Beginning at the intersection of the south line of West Lake Street and the west line of North LaSalle Street; thence North along the west line of North LaSalle Street to the north line extended west of West Haddock Place; thence east along said line to the west line of North Clark Street; thence north along said west line to the northerly line of West Wacker Drive as said northerly line was established by Ordinance passed by the City Council of the City of Chicago on December 15, 1919; thence east along said northerly line of West Wacker Drive to the east line of North State Street; thence south along said east line to the north line of Haddock Place; thence east along said line to the east line of Lot 28 extended north of Block 8 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 28 as aforesaid to the north line of East Lake Street; thence east along said north line to the east line of Lot 10 extended north of Block 9 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 10 as aforesaid to the north line of East Benton Place; thence east along said north line to east line of North Wabash Avenue; thence south along said line to the south line of East Randolph Street; thence west along said south line to the east line of North State Street; thence south along said east line to the south line extended east of Lot 1 of Assessor's Re-Subdivision of Lots One to Five in Block 58 in Assessor's Division of Original Town of Chicago as aforesaid; thence west along said extended line to the west line of said Lot 1; thence north along said line to the south line of West Washington Street; thence west along said south line to the west line of North Dearborn Street; thence north along said west line to the south line of West Randolph Street; thence west along said south line to the west line of North Clark Street; thence north along said west line to the south line of West Lake Street; thence west along said south line to the place of beginning.

EXHIBIT B

LEGAL DESCRIPTION

ORIGINAL LOTS 1 TO 4 (EXCEPT THAT PART OF ORIGINAL LOT 1 TAKEN FOR WIDENING NORTH LASALLE STREET) IN BLOCK 40 IN ORIGINAL TOWN OF CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.:

- 17-09-445-001-0000
- 17-09-445-002-0000
- 17-09-445-003-0000
- 17-09-445-004-0000
- 17-09-445-005-0000
- 17-09-445-006-0000

Common address:

- 134 North LaSalle Street, Chicago, Illinois
- 171 West Randolph Street, Chicago, Illinois

**Exhibit C
TIF-Funded Improvements**

	Rehabilitation & Renovation & Public Improvement Costs (1)
Hotel	2,000,000
Theater	3,476,802
Street & Exterior (2)	3,008,219
Metropolitan Office Building	614,979
Overall MEP	<u>8,500,000</u>
Total	<u>17,600,000</u> (2)

(1) Includes hard and associated soft costs. See following pages of Exhibit C for a more detailed line item breakdown of the TIF-Funded Improvements referenced above.

(2) Payment by, or reimbursement from, city funds is contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

Exhibit C
TIF-Funded Improvements - Hotel (1)

Design & Engineering	0
Renovation	2,000,000 (2)
Restaurant Construction	0
Restaurant Design & Engineering	0
Restaurant FF & E	0
Restaurant Pre-Opening	0
Furniture, Fixture & Equip.	0
Hotel Equip.	0
Administrative	0
Pre-Opening Expenses	0
Supervision	0
Wrk Capital/Reserves	0
Capitalized Interest	0
Contingency	0
Total Renovation Costs	<u>2,000,000</u>

(1) Subject to costs qualifying as Redevelopment Project Costs under the Act.

(2) The costs associated with this line item relate primarily to the hotel MEP and life safety systems.

Exhibit C
TIF-Funded Improvements - Theater (1)

Cost under contract:

Environmental	159,136
Phase 1A	1,631,762 (2)
Phase 1B	257,830 (2)
Basement	362,191 (2)
Total under contract	<u>2,410,919</u>

Cost to be contracted:

Elevators	87,897
Interior Finishes	131,546
Decorative Finishes	387,184
Seats	0
Theater Lighting	0
Theater Rigging, Lifts & Drapery	0
	<u>606,427</u>

Total Construction Costs 3,017,346

Soft Costs

Architects/Eng.	285,000
MEP Engineering	38,000
Other Consultants	57,000
Legal	19,000
Administrative Costs	0
	<u>399,000</u>

Remaining Contingency 60,456

Total 3,476,802

- (1) Subject to costs qualifying as Redevelopment Project Costs under the Act.
- (2) The Phase 1A and Phase 1B line items relate to the renovation and rehabilitation work associated with the expansion of the theater stage area. The basement line item relates to the renovation and rehabilitation work associated with the reconfiguring of the basement caused by the expansion of the stage area

Exhibit C
TIF-Funded Improvements - Street & Exterior (1)

Costs under contract: 1,713,560 (2)

Costs to be contracted:

Facade Cleaning	620,848
Office Bldg. Windows	344,211
Office Bldg. Window Installation	154,894
	<u>1,119,953</u>

Total Construction Costs 2,833,513

Soft Costs

Architects/Eng.	126,704
MEP Engineering	21,117
Other Consultants	21,117
Legal	0
Administrative Costs	0
	<u>168,938</u>

Remaining Contingency 5,768

Total 3,008,219

(1) Subject to costs qualifying as Redevelopment Project Costs under the Act.

(2) The costs under contract are for the Randolph Street storefront, the LaSalle Street storefront related to the restaurant, and all the sidewalks which surround the project

Exhibit C
TIF-Funded Improvements - Metropolitan Office Building (1)

Costs under contract: 0

Costs to be contracted:

ADA Accessibility	
Entrance	15,000
Elevators	160,000
Signage	10,000
	<u>185,000</u>

Lobby	
Floors	50,000
Walls	52,800
Ceiling	20,000
Security Desk	7,500
HVAC	10,000
Electrical	25,000
	<u>165,300</u>

Tenant Floors	
Floors	900
Wallcovering	7,200 (2)
Wall Cleaning	45,000 (2)
Ceiling	1,800
Toilet Rooms	90,000
	<u>144,900</u>

Total Construction Costs 495,200

Soft Costs

Architects/Eng.	25,000
MEP Engineering	25,000
Other Consultants	15,000
Legal	10,000
Administrative Costs	0
	<u>75,000</u>

Remaining Contingency 44,779

Total 614,979

(1) Subject to costs qualifying as Redevelopment Project Costs under the Act

(2) The wallcovering will consist of painting the plaster portion of the corridors, and the wall cleaning will consist of chemical cleaning of the marble portions of the wall

Exhibit C
TIF-Funded Improvements - Overall MEP (1)

Costs under contract:

Fire Protection	578,433
Plumbing	1,435,682
HVAC	1,235,203
Electrical	1,321,105
	<u>4,570,423</u>

Cost to be contracted:

Fire Protection	211,082
Plumbing	316,622
HVAC	1,128,402
Electrical	1,710,588
	<u>3,366,694</u>

Total Construction Costs 7,937,117

Soft Costs

Architects/Eng.	175,901
MEP Engineering	211,081
Other Consultants	70,360
Legal	105,541
Administrative Costs	0
	<u>562,883</u>

Total 8,500,000

(1) Subject to costs qualifying as Redevelopment Project Costs under the Act.

EXHIBIT "F"

PD338\Bismarck\Escrow.2

Escrow Account No. _____

ESCROW AGREEMENT

This ESCROW AGREEMENT (the "Escrow Agreement"), dated as of _____, 1998, is made and executed by the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), the undersigned developer (the "Owner"), and the undersigned escrow trustee (the "Escrow Trustee"), all as more particularly described on Exhibit A hereto.

Preliminary Statement

The City has agreed to make a certain grant to the Owner (the "Grant") pursuant to that certain Redevelopment Agreement (herein as amended, supplemented and restated from time to time, the "Redevelopment Agreement") with the Owner, dated as of the date hereof. American National Bank and Trust Company of Chicago, a national banking association, and Corus Bank, a national banking association (collectively referred to herein as the "Lenders"), have agreed to make a loan in the principal amount of \$44,000,000 to the Owner (the "Loan"). In connection with the Loan, the Owner, the Lenders and the Escrow Trustee have established an escrow account from which proceeds of the Loan shall be disbursed (the "Loan Escrow Account"). The title company identified on Exhibit A hereto (the "Title Company") has issued (or has issued its commitment to issue) an ALTA Mortgagee's Title Insurance Policy naming the City as the insured, referred to herein as the "Policy."

The City and the Owner desire to utilize the staff and expertise of the Escrow Trustee to collect, review and approve lien waivers, and disburse the Escrowed Proceeds (as hereinafter defined), subject to the terms and conditions of this Escrow Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

I. Creation of and Deposits to Escrow Account.

A. Escrow Account. There is hereby created with the Escrow Trustee an escrow account (the "Escrow Account"), into which all or a portion of the Equity (as hereinafter defined) and the City Funds (as defined in the Redevelopment Agreement) shall be deposited hereunder in the amounts set forth in Part I of Exhibit B hereto (the "Escrowed Proceeds"). The Escrow Trustee will provide, upon written request, any information regarding the disbursement of funds from the Escrow Account or the Loan Escrow

Account, including but not limited to specific disbursements of the proceeds of the City Funds, the Equity and the Loan.

B. Owner's Deposits and Funding Requirements. Over the term of this Escrow Agreement, the Owner will make available for use in completing the Project (as defined in the Redevelopment Agreement) the total amount set forth as Equity on Part I of Exhibit B hereto (the "Equity"), and any additional amounts that may be required pursuant to the Redevelopment Agreement, at such times as such amounts be required pursuant to this Escrow Agreement or the Redevelopment Agreement. Such funds may be made available through deposit into the Escrow Account or the Loan Escrow Account, or otherwise as acceptable to the City and the Lenders.

C. City Deposits. Over the term of this Escrow Agreement, the City will deposit into the Escrow Account the total amount set forth on Part I of Exhibit B hereto, all at intervals and installments to be determined pursuant to this Escrow Agreement and the Redevelopment Agreement. At the time of each request for a disbursement to be funded from the proceeds of the Grant hereunder, the City shall make a deposit with the Escrow Trustee of all or a portion of the proceeds of the Grant, in immediately available funds, in the amount approved by the City pursuant to such request for disbursement as provided in Section IV hereof, provided, however, that (i) no event shall have occurred which is or, with the passage of time or the giving of notice or both, would become an event of default under the Redevelopment Agreement, and (ii) each condition set forth in Section IV, as applicable, shall have been satisfied. If at any time during the course of rehabilitation the total of the unpaid disclosed cost of such rehabilitation as indicated by the column totals on the Project Budget (as defined in the Redevelopment Agreement) exceeds the amount of the Available Project Funds (as defined in the Redevelopment Agreement), the City shall not be required to make a disbursement hereunder until the Owner has deposited in the Escrow Account or the Loan Escrow Account an amount to cause the Project to be In Balance (as defined in the Redevelopment Agreement). If the City shall, pursuant to a disbursement request, deposit with the Escrow Trustee funds in an amount greater than the amount requested from the City, the Escrow Trustee shall promptly transfer the amount of such excess back to the City.

II. Allocation of Costs with Respect to Sources of Funds.

Deposits to the Escrow Account by the Owner and the City and allocations of costs of the Project with respect to the Owner, the City and the Lenders shall be made pursuant to the terms set forth in Section 4.05(c) of the Redevelopment Agreement (which is hereby incorporated herein by reference as if fully set forth herein), with the Owner and the City and not the Escrow Trustee ensuring that City Funds are disbursed exclusively to pay costs described on Exhibit C hereto as eligible costs (for TIF-Funded Improvements as defined in the Redevelopment Agreement) (the "Eligible Costs") and

not used to pay for costs of the Project which are not described on Exhibit C hereto (the "Ineligible Costs").

III. Manner of Disbursement. Disbursements from the Escrow Account are to be made as follows, pursuant to each draw request approved pursuant to Section IV hereof:

A. To either of the undersigned general contractors (collectively, the "General Contractor") for general requirements, builder's overhead (and for builder's profit, when applicable) and for labor and/or materials furnished directly by the General Contractor for the Project, approved by the City pursuant to such disbursement request;

B. To the General Contractor for labor and/or materials furnished by subcontractors when such items have been paid directly by the General Contractor, and when substantiated by a payment affidavit and lien waiver from the subcontractor; and/or

C. To the Owner and/or other parties as approved by the Owner and the City for non-construction items.

Funds which are to be directed to any of the persons or entities set forth in subparagraphs A. through C. above may also be paid from the Escrow Account into the Loan Escrow Account for distribution to such persons or entities. For purposes of this Escrow Agreement, the term "subcontractor" shall include all mechanics and materialmen furnishing services, labor, materials and supplies to the Project.

IV. Conditions Precedent to Disbursements.

NOTWITHSTANDING ANYTHING IN THIS ESCROW AGREEMENT TO THE CONTRARY, THE ESCROW TRUSTEE SHALL NOT MAKE ANY DISBURSEMENTS HEREUNDER IF THE CITY HAS NOTIFIED THE ESCROW TRUSTEE IN WRITING OR BY TELECOPY NOT TO DO SO. IF THE ESCROW TRUSTEE SHALL HAVE RECEIVED SUCH A NOTICE FROM THE CITY, THE ESCROW TRUSTEE SHALL NOT MAKE ANY DISBURSEMENTS HEREUNDER (a) EXCEPT AS PROVIDED IN SECTION V(G) HEREOF OR (b) UNLESS AND UNTIL THE CITY SHALL HAVE NOTIFIED THE ESCROW TRUSTEE IN WRITING TO DO SO.

A. All Disbursements: The conditions precedent for all disbursements, including the first and final disbursement, are as follows:

1. Prior to each disbursement of funds hereunder, the following shall be furnished to the Escrow Trustee (and such other party as may be specified):

a. If City Funds are to pay part or all of the expenses of the requested disbursement, the

following shall be furnished to the City and the Escrow Trustee:

(1) A Request for TIF Payment substantially in the form attached hereto as Exhibit D ("Request for TIF Payment") completed by the General Contractor (for construction costs) or the Owner (for non-construction costs or reimbursement of Owner's payment for construction costs, if applicable), as applicable, specifying the amount of the requested payment and the line item under which such payment is authorized and to be paid, in accordance with the schedule of Eligible Costs attached hereto as Exhibit C;

b. A sworn owner's statement (the "Owner's Statement") disclosing all contractors, material suppliers and suppliers of services related to the Project, their respective addresses, work, materials or services to be furnished, amounts of contracts, amounts paid to date, amounts of current payments and balances due, which Owner's Statement shall be substantially similar to the Project Budget as defined in and attached to the Redevelopment Agreement (taking into account any approved Change Orders as defined in the Redevelopment Agreement), and which shall be annotated to indicate which expenditures are expected to be paid out of City Funds, Equity or the Loan, respectively;

c. A sworn statement from each of the General Contractors setting forth in detail all contractors and material suppliers with whom the General Contractor has contracted for the Project, their respective addresses, work or materials to be furnished, amounts of contracts, amounts paid to date, amounts of current payments and balances due (the "Contractor's Statement"), together with the partial waiver of the General Contractor in the amount of the draw, and waivers of liens, affidavits, supporting waivers and/or release of liens, if necessary, from subcontractors and material suppliers listed thereon;

d. An approval by the City of the current condition of title shown in the Policy. When, after the first disbursement, a further title search reveals a subsequently arising exception over which the Title Company is unwilling to insure (and the existence of which is not permitted under

the Redevelopment Agreement), the Escrow Trustee will notify the City and discontinue disbursement until the exception has been disposed of to the satisfaction of the City; (provided, however, that a mechanic's lien claim over which the Title Company is required to insure hereunder shall not warrant a discontinuance of disbursement);

e. Other statements, invoices, waivers, affidavits, supporting waivers and releases of lien from such persons and in such form as may be required by the Escrow Trustee, the City Comptroller or the City's Department of Planning and Development ("DPD") for the purpose of releasing and waiving any and all rights to file mechanic's lien claims against the property for those amounts and the work or materials which they represent, or, alternatively, the Owner may enter into such indemnification arrangement with the Escrow Trustee as required by the Escrow Trustee to underwrite the requested coverage and issue the said required policy;

f. The Equity due as of the date of the requested disbursement from the Owner, if any, shall be deposited into the Escrow Account or the Loan Escrow Account or otherwise made available by the Owner, and the Escrow Account shall contain sufficient funds, in the aggregate, consisting of Equity or the City Funds, to cover the amount of the requested disbursement; and

g. A written approval by the Owner and the City of each requested disbursement and a request that the disbursement be made; approval on behalf of the City shall be given by any one of the following officials of DPD: its Commissioner, any Deputy Commissioner or Assistant Commissioner and shall be evidenced by the City's written approval as set forth on the Request for TIF Payment.

2. The Title Company shall be in a position to issue a mechanics' lien and pending disbursement endorsement to the Policy, if any, in form and substance satisfactory to the City (the "Endorsement"). The amount shown in such Endorsement shall be the amount of the total disbursement(s) made by the City to date, and the effective date thereof shall be the date the City's funds are deposited into the Escrow Account.

3. Any disbursement of City Funds from the Escrow Account hereunder may be made only after the City has determined,

in its sole discretion, that such funds are being used to pay for costs of the Project which constitute Eligible Costs.

B. First Disbursement. Prior to the first disbursement of funds hereunder, and in addition to the requirements set forth above for all disbursements, the following shall be furnished:

1. The Title Company shall have furnished to the City the Policy covering the recording of the Redevelopment Agreement and naming the City as the insured.

C. Final Disbursement. Prior to the final disbursement of funds hereunder, and in addition to the requirements set forth above for all disbursements, the following shall be furnished to the entity indicated:

1. A Certificate of Completion in recordable form issued by the City pursuant to Section 7.01 of the Redevelopment Agreement, to be furnished to by the Owner to the Escrow Trustee;

2. A Certificate of Occupancy issued by the City of Chicago, Department of Buildings with respect to any buildings situated on the property and rehabilitated pursuant to the Redevelopment Agreement, to be furnished by the Owner to DPD and the Escrow Trustee;

3. As "as built" survey to be furnished by the Owner to DPD; and

4. Upon completion of the Project, the Owner shall promptly submit written notice thereof to the Escrow Trustee and the City and shall cause the Title Company to issue a final Endorsement to the Policy.

V. Escrow Trustee. It is understood by the parties hereto and by the General Contractor, who executed this Escrow Agreement to evidence its understanding and not as a party hereto, that the following provisions govern the duties of the Escrow Trustee hereunder:

A. The City, and not the Escrow Trustee, is responsible for determining the amount of the City's deposit requirement for each disbursement. Such amount and the City's agreement thereto shall be evidenced by the written request for disbursement signed by the Owner and the City, and the Escrow Trustee is entitled to rely thereon, without further inquiry;

B. The Escrow Trustee may, at its discretion, take whatever steps the Escrow Trustee may deem necessary to verify the accuracy of any sworn statement required hereunder;

C. If at any time the Escrow Trustee shall discover a misstatement of a material fact in any request or other notice from the Owner, it shall promptly give notice of such discovery to the City and shall thereafter not disburse funds from the Escrow Account until such misstatements shall have been corrected to the satisfaction of the City, except as directed pursuant to the direction of the City;

D. The Escrow Trustee will not accept any blanket lien waivers by the General Contractor as to labor performed and/or materials furnished by others. The Escrow Trustee will not accept any blanket waiver pre-signed by any subcontractor;

E. While the subcontractors and any suppliers of labor and materials listed on sworn statements are not parties to this Escrow Agreement and have no standing hereunder, the Escrow Trustee is authorized to furnish to those persons information which the Escrow Trustee may deem appropriate with regard to the times at which disbursements might be made to them, and what conditions remain unsatisfied when the Escrow Trustee is not in a position to disburse;

F. Any requirement or undertaking herein notwithstanding, there is no obligation assumed by the Escrow Trustee for insuring that sufficient funds will be available to pay all costs incurred in completing the Project, or that the Project will be completed. The consent of all parties hereto shall be required with respect to any direction given to the Escrow Trustee to invest funds deposited in the Escrow Account. Except with respect to funds for which the Escrow Trustee shall have received investment instructions in writing, the Escrow Trustee shall be under no duty to invest or reinvest any deposits at any time held by it hereunder; and, further, that Escrow Trustee may commingle such deposits with other deposits or with its own funds in the manner provided for the administration of funds under Section 2-8 of the Illinois Corporate Fiduciary Act (205 ILCS 620/2-8), and may use any part of all such funds for its own benefit without obligation to any party for interest or earnings derived thereby, if any. However, nothing herein shall diminish Escrow Trustee's obligation to apply the full amount of the deposits in accordance with the terms of this Agreement. In the event the Escrow Trustee is requested to invest deposits hereunder, Chicago Title and Trust Company is not to be held responsible for any loss of principal or interest which may be incurred as a result of making the investments or redeeming said investments for the purposes of this escrow, except for those losses arising from its own negligence or wilful misconduct;

G. Upon receipt of written notice to the Escrow Trustee from the City, the Escrow Trustee shall transfer to the City all amounts previously disbursed by the City into the Escrow Account that remain in the Escrow Account;

H. After payment by the Escrow Trustee of the final disbursement hereunder, the Escrow Trustee shall disburse any funds then remaining in the Escrow Account to the respective depositor, except that any Equity remaining shall be disbursed only pursuant to the joint direction of the City and the Owner;

I. The Escrow Trustee's charges for the services performed and title insurance protection furnished hereunder are the responsibility of the Owner and are to be paid from funds deposited herein, and the Escrow Trustee reserves the right to suspend further processing of funds in the Escrow Account until this is done or other arrangements satisfactory to the Escrow Trustee have been made; and

J. It is understood by the parties hereto that the requirements listed in this Section V are solely for the Escrow Trustee's benefit to assist the Escrow Trustee in fulfilling its obligations hereunder.

VI. General.

A. Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth on Exhibit E hereto, by any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day (as defined below) immediately following deposit with the overnight courier, and any notice, demand or request sent pursuant to clause (d) above shall be deemed received two Business Days following deposit in the mail. "Business Day" as used herein shall mean a day on which banks in the City of Chicago are not authorized or required to remain closed and which shall not be a public holiday under the laws of the State of Illinois or any ordinance or resolution of the City of Chicago.

B. No changes, amendments, modifications, cancellations or discharge of this Escrow Agreement, or any part hereof, shall be valid unless in writing executed by the parties hereto or their respective successors and assigns.

C. No official, officer or employee of the City shall be personally liable to the Owner or any successor in interest in the event of any default or breach of this Escrow Agreement by the City or for any amount which may become due to the Owner or any successor in interest, or on any obligation under the terms of this

Escrow Agreement.

D. The Escrow Trustee, the City and the Owner agree that this Escrow Agreement is not intended to give any benefits, rights, privileges, actions or remedies to any person, partnership, firm or corporation other than the Escrow Trustee, the City and the Owner, as a third party beneficiary or otherwise, under any theory of law.

E. If any provision of this Escrow Agreement, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the remainder of this Escrow Agreement shall be construed as if such invalid part were never included herein and this Escrow Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

F. This Escrow Agreement shall be governed as to performance and interpretation in accordance with the internal laws of the State of Illinois, without regard to its conflict of laws principles.

G. This Escrow Agreement may be executed in several counterparts, each of which shall constitute an original and all of which shall constitute one and the same instrument.

H. It is expressly understood and agreed by the Owner and the City that the terms and provisions of this Escrow Agreement do not change, amend, modify, or in any way supersede the terms and provisions of the Redevelopment Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed and delivered as of the date first written above.

CITY OF CHICAGO, ILLINOIS

By: _____
Its: _____ Commissioner,
Department of Planning and Development

PALMET VENTURE L.L.C., an Illinois
limited liability company

By: RERC/PalMet, L.L.C., an Illinois
limited liability company

Its: Managing Member

By: _____

Its: _____

CHICAGO TITLE AND TRUST COMPANY

By: _____

Its: _____

ACCEPTED:
TURNER CONSTRUCTION COMPANY

By: _____
Its: _____

ACCEPTED:
JAMES MCHUGH CONSTRUCTION CO.

By: _____
Its: _____

EXHIBIT A

A. PARTIES

1. PalMet Venture, L.L.C., an Illinois limited liability company, referred to herein as the "Owner", having an address at 134 North LaSalle Street, Suite 906, Chicago, Illinois 60602; Attention: Micheal Moyer.
2. City of Chicago, Illinois having an address at its Department of Planning and Development, City of Chicago, 121 North LaSalle Street, Chicago, Illinois 60604, Attention: Commissioner.
3. Chicago Title and Trust Company, a _____, referred to herein as the "Escrow Trustee", having an address at 171 North Clark Street, Chicago, Illinois 60601; Attention:_____.

B. Chicago Title Insurance Company

EXHIBIT B

FUNDING OF THE ESCROW ACCOUNT

I. Total amount to be disbursed into the Escrow Account over the term of the Escrow Agreement (for the Equity, all or a portion of the amount set forth below may be disbursed through the Lender Escrow Account or may be disbursed by the Owner directly as provided herein):

Equity: \$16,100,000

City Funds: \$17,600,000

II. Amounts disbursed into and out of the Escrow Account on the date hereof, if any:

Equity: \$0

City Funds: \$0

EXHIBIT C

ELIGIBLE AND INELIGIBLE COSTS

Eligible Costs (for TIF-Funded Improvements)

See attached. [Exhibit C to the Redevelopment Agreement will be attached.]

Exhibit D-1

REQUEST FOR TIF PAYMENT (CONSTRUCTION COSTS)

Date of request: _____, 19__

_____, an _____ corporation (the "General Contractor"), as general contractor for the construction or rehabilitation of certain TIF-Funded Improvements (as defined in the Redevelopment Agreement) on certain property owned by PalMet Venture, L.L.C., an Illinois limited liability company (the "Owner"), does hereby request that payments be made by the City of Chicago (the "City") for certain improvements made in accordance with the Central Loop Redevelopment Agreement dated March __, 1998 by and between the City and the Owner (the "Redevelopment Agreement") and the Escrow Agreement between the City, the Owner and the Escrow Trustee dated March __, 1998 (the "Escrow"). Terms used herein and not otherwise defined shall have the meanings set forth for such terms in the Escrow.

Payment is requested in the amount of \$ _____ for the line items set forth on the signed photocopy of the Contractor's Sworn Statement attached hereto dated _____, 199_, all of which line items are identified on Exhibit C to the Escrow Agreement as Eligible Costs.

Date of request: _____, 1998

_____ [General contractor]

By: _____

Its: _____

Approved this _____ day of _____, 199_

CITY OF CHICAGO

By: _____

Its: _____

Exhibit D-2

REQUEST FOR TIF PAYMENT (NON-CONSTRUCTION COSTS OR
REIMBURSEMENT OF OWNER'S PAYMENT OF CONSTRUCTION COSTS)

PalMet Venture, L.L.C., an Illinois limited liability company (the "Owner"), does hereby request that payments be made by the City of Chicago (the "City") for certain improvements in accordance with the Central Loop Redevelopment Agreement dated March __, 1998 by and between the City and the Owner (the "Redevelopment Agreement") and the Escrow Agreement between the City, the Owner and the Escrow Trustee dated March __, 1998 (the "Escrow"). Terms used herein and not otherwise defined shall have the meanings set forth for such terms in the Escrow.

The undersigned hereby certifies that the work for which this request is made was completed and no mechanics' liens or other liens of any kind have been or will be filed by any person with respect thereto.

Payment is requested in the amount of \$ _____
for the following line items identified on Exhibit C to the Escrow Agreement as Eligible Costs:

LINE ITEM	AMOUNT REQUESTED	BALANCE AFTER REQUESTED PAYMENT
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____

REQUEST FOR TIF PAYMENT: continued

Date of request: _____, 1998

PALMET VENTURE L.L.C., an Illinois
limited liability company

By: RERC/PalMet, L.L.C., an Illinois
limited liability company

Its: Managing Member

By: _____

Its: _____

Approved this _____ day of
_____, 199_

CITY OF CHICAGO

By: _____

Its: _____

EXHIBIT E

ADDRESSES OF PARTIES FOR NOTICE

IF TO THE CITY: As set forth on Exhibit A hereto, with
copies to:

Office of the Corporation Counsel
City of Chicago
121 North LaSalle Street, Room 511
Chicago, Illinois 60602
Attention: Finance and Economic
Development Division

IF TO THE Owner: As set forth on Exhibit A hereto, with
copies to:

Alzheimer & Gray
10 South Wacker, Suite 4000
Chicago, Illinois 60606
Attention: Maria Saldana

IF TO THE ESCROW TRUSTEE: As set forth on Exhibit A hereto.

EXHIBIT G

PERMITTED LIENS

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the Title Policy, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

**Exhibit H
Project Budget - Summary**

	TOTAL AMOUNT	AMOUNT INCLUDED IN PROJECT BUDGET FOR MBE/WBE COMPLIANCE
Acquisition/Transaction Costs	\$ 23,822,889	\$ 0
Hotel	27,896,919	13,777,856
Overall MEP	12,456,517	12,080,658
Theater	9,263,875	6,886,146
Street & Exterior	3,594,980	3,561,326
Metropolitan Office Building	<u>664,820</u>	<u>614,979</u>
Total:	<u>\$ 77,700,000</u>	<u>\$ 36,920,965 (1)</u>

(1) It is anticipated that \$36,920,965 will be included in the project budget for purposes of determining compliance with section 10 03 of the Redevelopment Agreement. Use of this amount for the purposes of determining MBE/WBE compliance is dependent upon the Developer providing applicable evidence.

Exhibit II
Project Budget - Hotel

Design & Engineering	916,900 (1)
Renovation	11,012,687
Restaurant Construction	1,013,595
Restaurant Design & Engineering	220,100
Restaurant FF & E	1,066,099 (4)
Restaurant Pre-Opening	557,377 *
Furniture, Fixture & Equip	4,507,593 (2)
Hotel Equip	733,176 *
Administrative	1,260,000 *
Pre-Opening Expenses	2,409,392 *
Supervision	500,000 (3)
Wrk Capital/Reserves	400,000 *
Capitalized Interest	3,000,000 *
Contingency	300,000
Total Renovation Costs	<u>27,896,919 (5)</u>

- (1) \$345,000 of interior design services are to be excluded for MBE/WBE purposes. The interior design cost relates solely to the design of the rooms and public areas.
- (2) Excluded for purposes of MBE/WBE except for \$620,465 which relates to carpet, wallcovering, and fixtures. This exclusion is subject to the Developer providing evidence that only \$620,465 is allocable to costs of permanent fixtures.
- (3) Excluded for purposes of MBE/WBE because it is the fee paid to the Hotel Operator for supervision services.
- (4) Excluded for purposes of MBE/WBE except for \$39,109 which relates to carpet, wallcovering, and fixtures. This exclusion is subject to the Developer providing evidence that only \$39,109 is allocable to costs of permanent fixtures.
- (5) It is anticipated that \$13,777,856 will be included in the project budget for purposes of determining compliance with section 10.03 of the Redevelopment Agreement.
- * Excluded for purposes of MBE/WBE

Exhibit H
Project Budget - Theater

Cost under contract

Environmental	362,921
Phase 1A	3,721,350
Phase 1B	588,000
Basement	826,000
Total under contract	<u>5,498,271</u>

Cost to be contracted

Elevators	200,000
Interior Finishes	300,000 (1)
Decorative Finishes	883,000 (1)
Seats	385,000 (1)
Theater Lighting	288,000 (1)
Theater Rigging Lifts & Drapery	150,000 (1)
	<u>2,186,000</u>

Total Construction Costs 7,684,271

Soft Costs

Architects/Eng	750,000
MEP Engineering	100,000
Other Consultants	150,000
Legal	50,000
Administrative Costs	391,729 * (3)
	<u>1,441,729</u>

Remaining Contingency 137,875

Total Theater Budget 9,263,875 (2)

(1) These are excluded for MBE/WBE purposes because these are specialty items that are performed by a limited number of contractors. These exclusions are subject to the developer providing reasonable evidence to DPD that these items are specialty items for which there are limited vendors or providers.

(2) It is anticipated that \$6,886,146 will be included in the project budget for purposes of determining compliance with section 10.03 of the Redevelopment Agreement.

(3) Administrative costs include costs such as real estate taxes, utilities, in-house labor, accounting, insurance, and other misc. costs.

* These are excluded for MBE/WBE purposes.

Exhibit H
Project Budget - Street & Exterior

Costs under contract: 2,028,624

Costs to be contracted:

Facade Cleaning	735,000
Office Bldg. Windows	407,500
Office Bldg. Window Installation	183,374
	<u>1,325,874</u>

Total Construction Costs 3,354,498

Soft Costs

Architects/Eng.	150,000
MEP Engineering	25,000
Other Consultants	25,000
Legal	0
Administrative Costs	33,654 * (2)
	<u>233,654</u>

Remaining Contingency 6,828

Total Street & Exterior Budget 3,594,980 (1)

(1) It is anticipated that \$3,561,326 will be included in the project budget for purposes of determining compliance with section 10.03 of the Redevelopment Agreement.

(2) Administrative costs include costs such as real estate taxes, utilities, in house labor, accounting, insurance, and other misc costs.

* These are excluded for MBE/WBE purposes

Exhibit H
 Project Budget Metropolitan Office Building

Costs under contract 0

Costs to be contracted

ADA Accessibility

Entrance	15,000
Elevators	160,000
Signage	10,000
	<u>185,000</u>

Lobby

Floors	50,000
Walls	52,800
Ceiling	20,000
Security Desk	7,500
HVAC	10,000
Electrical	25,000
	<u>165,300</u>

Tenant Floors

Floors	900
Wallcovering	7,200
Wall Cleaning	45,000
Ceiling	1,800
Toilet Rooms	90,000
	<u>144,900</u>

Total Construction Costs 495,200

Soft Costs

Architects/Eng	25,000
MEP Engineering	25,000
Other Consultants	15,000
Legal	10,000
Administrative Costs	49,841 * (2)
	<u>124,841</u>

Remaining Contingency 44,779

Total Metropolitan Office Bldg Budget 664,820 (1)

(1) It is anticipated that \$614,979 will be included in the project budget for purposes of determining compliance with section 10.03 of the Redevelopment Agreement

(2) Administrative costs include costs such as real estate taxes, utilities in house labor, accounting, insurance, and other misc. costs

* These are excluded for MBE/WBE purposes

Exhibit H
Project Budget - Overall MEP

Costs under contract:

Fire Protection	822,100
Plumbing	2,040,469
HVAC	1,755,537
Electrical	1,877,626
	<u>6,495,732</u>

Cost to be contracted:

Fire Protection	300,000
Plumbing	450,000
HVAC	1,603,746
Electrical	2,431,180
	<u>4,784,926</u>

Total Construction Costs 11,280,658

Soft Costs

Architects/Eng	250,000
MEP Engineering	300,000
Other Consultants	100,000
Legal	150,000
Administrative Costs	375,859 * (2)
	<u>1,175,859</u>

Total Overall MEP Budget 12,456,517 (1)

(1) It is anticipated that \$12,080,658 will be included in the project budget for purposes of determining compliance with section 10 03 of the Redevelopment Agreement

(2) Administrative costs include costs such as real estate taxes, utilities, in house labor, accounting, insurance, and other misc costs

* These are excluded for MBE/WBE purposes

Summary of General Contracts

	McHugh					Turner - Theater				Turner	
	Hotel		Restaurant		Total	Phase IA	Phase IB	Basement	Total	Street & Exterior PH1	Total
	Phase I	Phase II	Phase III	Phase III		Total					
1000 General Conditions	281,875	485,563	787,438	0	787,438	522,000	0	180,000	702,000	148,218	1,615,657
2000 Site Work / Demolition	239,070	181,852	420,722	55,851	478,573	738,350	119,000	95,000	952,350	441,340	1,670,263
3000 Concrete	53,110	97,729	150,838	11,235	162,074	837,000	25,000	250,000	912,000	0	1,074,074
4000 Masonry	0	18,320	18,320	0	18,320	418,000	250,000	70,000	738,000	98,280	848,600
5000 Metals	50,820	52,820	103,440	88,380	171,820	737,000	70,000	43,000	850,000	212,280	1,234,100
6000 Carpentry	274,010	488,350	772,360	387,931	1,160,291	19,000	0	27,000	46,000	0	1,208,291
7000 Moisture / Thermal	14,480	0	14,480	5,000	19,480	220,000	55,000	0	275,000	11,440	305,930
8000 Doors / Frames / Windows	485,827	218,718	702,343	20,189	722,532	38,000	0	30,000	68,000	858,880	1,647,222
9000 Finishes	1,888,881	1,128,281	2,815,942	385,758	3,181,701	0	89,000	81,000	130,000	0	3,311,701
10000 Specialties	4,400	38,823	43,323	4,235	47,558	0	0	8,000	8,000	188,980	222,118
11000 NA	0	0	0	0	0	0	0	0	0	0	0
12000 NA	0	0	0	0	0	0	0	0	0	0	0
13000 Dumbweller	0	0	0	18,000	18,000	0	0	0	0	0	18,000
14000 Conveying Systems	0	(9,000)	(9,000)	0	(9,000)	228,000	0	0	228,000	0	217,000
15000 Fire / HVAC / Plumb	0	0	0	0	0	0	0	0	0	0	0
Fire Protection	444,000	212,250	656,250	53,850	710,100	48,000	10,000	58,000	112,000	0	822,100
Plumbing	1,334,328	227,349	1,561,677	214,782	1,776,469	10,000	40,000	170,000	220,000	44,000	2,040,469
HVAC	357,810	258,358	613,988	442,388	1,058,337	75,000	52,000	572,200	699,200	0	1,755,537
18000 Electrical	810,208	699,973	1,310,181	188,205	1,498,386	32,000	10,000	170,350	212,350	119,000	1,827,738
- Allowances	372,844	2,500	375,144	0	375,144	0	0	0	0	0	375,144
- Owner Electives	0	85,742	85,742	0	85,742	0	0	0	0	0	85,742
- Insurance / Fee	288,028	172,478	470,502	77,015	547,517	170,000	0	82,000	232,000	85,815	875,332
- Subtotal	8,508,888	4,384,783	10,871,662	1,810,810	12,782,462	3,884,350	700,000	1,784,550	6,378,900	2,191,824	21,353,018
- Prior Change Orders	152,083	1,012,787	1,164,880	0	1,164,880	0	0	0	0	0	1,164,880
- Electrical Infrastructure (Credits)	(802,208)	0	(802,208)	0	(802,208)	0	0	0	0	0	(802,208)
- Electrical Infrastructure	0	2,852,088	2,852,088	0	2,852,088	0	0	0	0	0	2,852,088
	8,058,784	8,029,848	14,088,432	1,810,810	15,997,242	3,884,350	700,000	1,784,550	6,378,900	2,191,824	24,567,768
Overall MEP Costs	2,143,938	2,048,029	4,191,967	897,215	5,089,182	183,000	112,000	988,550	1,243,550	183,000	6,495,732
General Contractor Construction Costs	3,812,848	5,981,819	9,894,485	1,013,595	10,908,080	3,721,350	588,000	828,000	5,135,350	2,028,824	18,072,034
Construction Costs outside of Contract (1)	NA	NA	1,118,222	0	1,118,222	0	0	0	0	0	1,118,222
Total Construction Cost	NA	NA	11,012,687	1,013,595	12,026,282	3,721,350	588,000	828,000	5,135,350	2,028,824	19,190,256

(1) Construction outside of contract include

Elevators	728,000
Inductor Covers	175,000
Other Labor	217,222
	<u>1,118,222</u>

EXHIBIT I

APPROVED PRIOR EXPENDITURES

No Prior Expenditures have been approved as of the Closing Date.

LAW OFFICES
**ALTHEIMER
& GRAY**
SUITE 4000
10 SOUTH WACKER DRIVE
CHICAGO ILLINOIS 60606-7482
(312) 715-4000

Exhibit J

March 6, 1998

City of Chicago
121 North LaSalle Street
Chicago, IL 60602
ATTENTION: Corporation Counsel

Re: 171 West Randolph Street & 134 North LaSalle Street, Chicago, Illinois (the "Project")

Ladies and Gentlemen

We have served as special counsel to PalMet Venture, L.L.C., an Illinois limited liability company ("Developer"), the sole beneficiary of American National Bank and Trust Company of Chicago ("Trustee"), as Trustee under Trust Agreement dated November 19, 1996 (the "Trust Agreement") and known as Trust Number 122332-01 (Trustee acting in its capacity as the trustee under the Trust Agreement referred to herein as "Borrower"), in connection with its application for tax increment financing and negotiation of the Agreement (as defined below) for the renovation of certain facilities at the above-referenced premises located in the Central Loop Redevelopment Project Area (the "Project")

In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

- (a) Central Loop Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer and the City of Chicago (the "City");
- (b) The Escrow Agreement dated March 6, 1998 between the City, the Developer and Chicago Title and Trust Company;
- (c) The Mortgage of an even date herewith ("Junior Mortgage") from Borrower and Developer to the City,
- (d) The Subordination Agreement of an even date herewith ("Subordination Agreement") between Borrower, Developer, City, American National Bank and Trust Company, a national banking association ("ANB"), and Corus Bank, a national banking association ("Corus") (ANB and Corus are collectively referred to herein as the "Senior Lender");

(e) Public Benefits Agreement dated the date hereof between the City and the Developer;
and

(f) Agreement to Provide Assistance to the Chicago School Reform Board of Trustees dated the date hereof between the City and the Developer.

In rendering this opinion we have examined the Documents, the Trust Agreement, the letter of direction pursuant to which Borrower executed the Documents executed by it, certified copies of Developer's Operating Agreement and Articles of Organization, certificates of good standing for Developer from the Illinois Secretary of State, and such other documents and records pertaining to our clients as in our judgment are necessary or appropriate to enable us to render the opinions expressed below.

For the purposes of this opinion, we have assumed that:

a. The execution and delivery of all Documents and other documents reviewed by us, and the entry into and performance of the transactions contemplated by the Documents, by all parties other than Borrower and Developer have been duly authorized by all necessary actions; the Documents constitute the valid and binding obligations of all parties other than Borrower and Developer.

b. Trustee is a national bank, duly organized, validly existing and in good standing in the jurisdiction of its formation, has full power, authority and legal right to act as land trustee under the Trust Agreement and the individuals executing the Trust Agreement and Documents on behalf of Trustee have been duly authorized to do so by all necessary corporation action.

c. The copies of all documents submitted to us are accurate and complete and conform to originals; all material terms and conditions of the relationship between Borrower, Developer, and the other parties to such agreements are correctly and completely reflected in the Documents.

Based upon the foregoing, but subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that,

1 The trust created by the Trust Agreement is an Illinois land trust duly formed and validly existing under the laws of the State of Illinois. Based solely upon our review of the Trust Agreement, Developer is the owner of the entire beneficial interest and power of direction under the Trust Agreement, subject to the rights of Senior Lender.

2 The Developer is a limited liability company duly organized, validly existing and in good standing under the laws of its state of organization, has full power and authority to own and lease its properties and to carry on its business as presently conducted.

3. The Developer has full limited liability company right, power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, the Developer's Articles of Organization or Operating Agreement. Such execution, delivery, and performance will not result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, or, to our knowledge, result in the creation of any lien, charge or encumbrance on any property or assets of Borrower or Developer, as the case may be, except as contemplated in the Documents, or, to our knowledge, constitute grounds for the acceleration of the maturity of any agreement or other instrument to which the Developer or Borrower is a party or by which any of its property may be bound, or, to our actual knowledge relying solely on the certification of the Developer (attached hereto and made a part hereof, the "Certification") and without further investigation, (i) result in a breach or other violation of any of the terms, conditions or provisions of any order, writ, injunction or decree of any court, government or regulatory authority, or (ii) conflict with, constitute an event of default under, or result in a material breach of or a violation of the provisions of any agreement or other instrument of which we have knowledge to which Borrower or Developer, as the case may be, are a party, or by which their respective properties or assets are bound, provided, that all statements in this sentence regarding the performance of the Developer are limited to our actual knowledge relying solely on the Certification without further investigation.

4. The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite limited liability company action on the part of the Developer.

5. Each of the Documents to which the Developer and the Borrower are a party has been duly executed and delivered by a duly authorized member or officer of the Developer, and each such Document constitutes the legal, valid and binding obligation of the Developer and Borrower, enforceable against the Developer and Borrower in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfer or similar laws affecting the enforcement of creditors' rights generally.

6. To our knowledge, there are no judgements outstanding against the Developer and no legal or administrative proceedings pending or threatened before any court or government agency against Borrower or Developer or affecting the Project. To our actual knowledge, relying solely on the Certification without further investigation, the Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Developer or its business.

7. No authorizations, approvals or consents of, or filings or registrations with, any governmental or regulatory authority or agency of the State of Illinois or any political

subdivision thereof or any court are necessary for the execution, delivery and, to our actual knowledge relying solely on the Certification without further investigation, the performance by Borrower and Developer of the Documents or for the validity or enforceability thereof, except for recording or filing of the Documents, as appropriate, with the Recorder of Deeds of Cook County.

8. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

9. To our actual knowledge relying solely on the Certification without further investigation, there is no default by the Developer with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound.

10. To our actual knowledge relying solely on the Certification without further investigation, the Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

11. To our actual knowledge relying solely on the Certification without further investigation, as of the date of this Opinion, there are no options, rights or commitments to transfer any ownership interests of the Developer.

The opinions set forth above are subject to the following qualifications:

i. Wherever we indicate that our opinion with respect to the existence or absence of facts is based on our knowledge, our opinion is based solely on the actual knowledge of the attorneys currently with the firm who have represented Borrower and Developer in connection with the transactions contemplated by the Documents and of any other attorneys presently in our firm whom we have determined are likely, in the course of representing any of said parties, to have knowledge of the matters covered by this opinion and the representations and warranties of said parties contained in the Documents. Except as expressly set forth herein, we have not undertaken any independent investigation (and we have not caused to be made any review of any court file or indices) and no inference as to our knowledge should be drawn from our representation of the Borrower and Developer or otherwise. However, we know of no facts which lead us to believe such factual matters (including those set forth in the Certification) are untrue or inaccurate.

ii. Enforcement of your rights and remedies may be limited by general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law, and in this regard we have assumed that you will exercise your rights and remedies under the Documents in good faith and in circumstances and a manner which are commercially reasonable;

iii. Certain provisions of the Documents may be rendered unenforceable or limited by applicable laws and judicial decisions but such laws and judicial decisions do not render the Documents invalid as a whole, and there exist in the Documents or pursuant to applicable law legally adequate remedies for the realization of the principal benefits and security intended to be provided by the Documents; without limiting the foregoing, we bring to your attention that 735 ILKS 5/15-1602 grants a mortgagor the right, which in certain circumstances is exercisable not more than once in any five year period, to cure the default of a loan secured by real estate within certain time periods specified in such statute

iv. We express no opinion as to the enforceability of any provisions of the Documents waiving the right to trial by jury.

Our opinion is limited to the laws of the United States (except as set forth below) and the laws of the State of Illinois in effect on the date hereof as they presently apply. We shall have no continuing obligations to inform you of changes in law or fact subsequent to the date hereof or of facts of which we become aware after the date hereof.

We express no opinion as to matters of title or priority or perfection of liens or security interests with regard to real and personal property. We understand that, with respect to all real and personal property security interests intended to be created by the Documents and the priority of the liens thereof, you will rely on a title insurance policy and such Uniform Commercial Code and other searches as you deem adequate, and, accordingly, we express no opinion to such matters.

We have not reviewed and do not opine as to: (i) compliance by the Project with applicable zoning, health, safety, building, environmental, land use or subdivision laws, ordinances, codes, rules or regulations, (ii) ERISA laws, rules and regulations, or (iii) Federal or state taxation, banking, securities or "blue sky" laws, rules or regulations.

This opinion is limited to the matters set forth herein. No opinion may be inferred or implied beyond the matters expressly contained herein. This opinion is rendered solely for your benefit and no other person or entity shall be entitled to rely on any matter set forth herein without the express written consent of the undersigned

Very truly yours,

Altheimer & Gray / MKS

CERTIFICATE

March 5, 1998

The undersigned, managing member of RERC/PalMet, L.L.C., an Illinois limited liability company, managing member of PalMet Venture, L.L.C., an Illinois limited liability company (the "Company"), hereby certifies as follows

- 1 This Certificate is made in reference to that certain Redevelopment Agreement dated March 5, 1998 by and between the Company and the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), through its Department of Planning and Development (the "Redevelopment Agreement") relating to a redevelopment project in the City concerning real estate located at 134 N. LaSalle Street and 171 W. Randolph Street, Chicago, Illinois (the "Redevelopment Project"), and the undersigned is familiar with such Redevelopment Agreement and Redevelopment Project.

- 2 In the course of my duties with the Company, I am in a position to be familiar with, or I have made inquiry of those personnel of the Company who are in a position to be familiar with, the following (a) any judgments, orders, writs, injunctions, decrees, or rules of any court, administrative agency or other governmental authority, and any determination or award of any arbitrator affecting the Company or its execution and delivery of the Redevelopment Agreement ("Court Orders"), (b) any agreement or other instrument to which the Company is a party, or by which its properties or assets are bound, and affecting the execution and delivery of the Redevelopment Agreement by the Company ("Agreements"), (c) any agreement or other instrument which could cause the creation of any lien, charge or encumbrance on any property or assets of the Company as a result of the execution and delivery of the Redevelopment Agreement by the Company ("Encumbrance Agreements"), (d) any legal or administrative proceedings pending or to my knowledge threatened before any court or governmental agency against the Company or affecting the Redevelopment Project ("Litigation"), and (e) any options, rights or commitments to transfer any ownership interests in the Company ("Options")

- 3 The signatures on the Redevelopment Agreement on behalf of the Company are genuine.

4. Except for the following, to my knowledge there are no Court Orders. (if none, so state):
None

- 5 Except for the following, to my knowledge there are no Agreements (if none, so state):
See attached list

6. Except for the following, to my knowledge there are no Encumbrance Agreements other than the Redevelopment Agreement: (if none, so state):

NONE

7. Except for the following, to my knowledge there is no Litigation. (if none, so state):

NONE

8. Except for the following, to my knowledge there are no Options. (if none, so state):

NONE

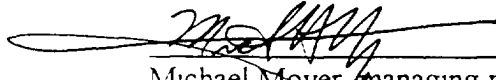
9. The Articles of Organization, as certified by the Illinois Secretary of State on December 11, 1997, and the Operating Agreement dated December 5, 1996, are each accurate, complete, and in full force and effect. Neither of those documents has been amended in any way. There are no articles of dissolution or other filings or agreements with respect to the existence, organization, or operation of the Company. The registered agent of the Company continues to serve as such. All annual reports required to be filed with the Illinois Secretary of State have been filed and all required fees have been paid in connection therewith.

10. The Company owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations, and other rights that are necessary for the operating of its business.

11. To my knowledge, the execution, delivery and performance of the Redevelopment Agreement and all related documents will not result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation or any order, writ, injunction or decree of any court, governmental or regulatory authority or conflict with, constitute an event of default under, or result in a breach of or violation of the provisions of any agreement or other instrument which the Company is a party or by which its assets are bound. In addition, there exists no default by the Company with respect to any indenture, loan agreement, mortgage, deed, note or other agreement or instrument related to the borrowing of money to which the Company is a party or to which the Company is bound.

This Certificate may be relied upon by ALTHEIMER & GRAY in its opinion (the "Opinion") addressed to the City of Chicago in connection with the Redevelopment Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 6 day of March, 1998



Michael Moyer, managing member of
RERC/PalMet, L.L.C., managing member
of the Company

List of Agreements relating to the Redevelopment Project

- (1) Construction Loan Agreement dated as of December 29, 1997, made by and between American National Bank and Trust Company of Chicago and Corus Bank, as Lender, and the Company and American National Bank and Trust Company of Chicago, as Trustee under Trust No 122332-1 ("Land Trustee").
- (2) Mortgage Note executed by the Land Trustee and the Company payable to the order of the Lender
- (3) Construction Mortgage executed by the Land Trustee
- (4) Assignment of Leases and Rents from the Company and Land Trustee to Lender.
- (5) Collateral Assignment of Beneficial Interest to Lender acknowledged by the Land Trustee.
- (6) UCC Financing Statements as required by the Lender to perfect all security interests granted by the Mortgage
- (7) Guarantees by Michael Moyer, Van Kampen Asset Management Company, L.L.C., RERC/PalMet, L.L.C and VKAM/PalMet, L.L.C
- (8) Environmental Indemnity Agreement executed by the Company, RERC/PalMet, L.L.C., and Michael Moyer in favor of Lender
- (9) Assignment of Construction Contracts and Permits to Lender by the Company
- (10) Assignment of Architects' Contract, Plan and Specifications and Tests to Lender by the Company.
- (11) Assignment of Professional Services Contracts to Lender by the Company.
- (12) Assignment of Hotel Operating Agreement to Lender by the Company.
- (13) Assignment of Redevelopment Agreement to Lender by Borrower, with consent of the City
- (14) Assignments of such other agreements, leases, contracts and other rights or interests of the Company or the Land Trustee with respect to the Redevelopment Project as Lender has required.
- (15) Assignment of Fox Letter of Credit in the amount of \$750,000 to Lender by the Company.

EXHIBIT N
PUBLIC BENEFITS AGREEMENT

THIS PUBLIC BENEFITS AGREEMENT ("Agreement") is made and entered into as of the ___ day of _____, 1998, by and between the CITY OF CHICAGO, an Illinois municipal corporation, having its principal office at City Hall, 121 North LaSalle Street, Chicago, Illinois 60602 ("City"), and PALMET VENTURE, L.L.C., an Illinois limited liability company, having its principal address at 134 North LaSalle Street, Suite 906, Chicago, Illinois ("Developer").

W I T N E S S E T H :

WHEREAS, the City, the Developer and American National Bank and Trust Company of Chicago, not personally but as trustee under a Trust Agreement dated November 19, 1996 and known as Trust No. 122332-01, have executed that certain Central Loop Redevelopment Agreement - Palmet Venture, L.L.C. dated March __, 1998 ("Redevelopment Agreement") relating to the Developer's renovation of the existing improvements located on the property at 134 North LaSalle Street and 171 West Randolph Street, Chicago, Illinois, and to the Developer making certain other related public improvements; and

WHEREAS, all capitalized terms in this Agreement, unless otherwise defined herein, shall have the meanings ascribed for them in the Redevelopment Agreement; and

WHEREAS, in consideration of the City entering into the Redevelopment Agreement and providing the City Funds towards the cost of the Project pursuant to the terms of the Redevelopment Agreement, and as required in the Redevelopment Agreement, Developer has agreed to provide to the City certain public benefits, all as described more fully below:

NOW THEREFORE, in consideration of the foregoing preambles, each of which is made a contractual part hereof, and of the mutual covenants and agreements contained herein and in the Redevelopment Agreement, the parties agree as follows:

1. Public Benefits Program. Developer shall provide, or shall cause the tenant of the Developer which shall operate the Palace Theater (the "Tenant") to provide, as public benefits to the City, the cash, cash equivalent and in-kind contributions, services, programs and benefits set forth in Schedule 1 attached hereto and incorporated herein by this reference ("Public Benefits Program"). The Public Benefits Program is primarily intended to be derived from the ownership and operation of the Palace Theater by Developer and Tenant, but is also to include broader contributions predicated upon the general expertise of Developer and Tenant in producing live theater entertainment and developing and managing live theater venues for that purpose. Developer's commitment and

agreement to provide the Public Benefits Program shall last for the Term of the Agreement.

2. Reporting. Semi-annually during the first week of January and the first week of July of each year during the Term of the Agreement, Developer shall submit a general activity report for the Public Benefits Program covering the preceding semi-annual period and, to the extent feasible and foreseeable, projecting activities anticipated to occur for the upcoming semi-annual period with respect to the Public Benefits Program. Such reports shall be addressed and submitted to the Department of Planning and Development of the City (to the attention of the City's Commissioner of Planning and Development) at the address therefor set forth in Paragraph 4 below.

3. Default. Failure of Developer to comply with the terms and conditions of this Agreement, which failure continues uncured for a period of sixty (60) days after written notice of default from the City, shall be a default hereunder and shall be considered an Event of Default under the Redevelopment Agreement.

4. Notice. Any notice or submission required or desired to be given pursuant to or in connection with this Agreement shall be in writing and shall be mailed postage prepaid by registered or certified mail with return receipt requested, or hand delivered and receipted, as follows:

If to the City: City of Chicago
 Department of Planning and
 Development
 Room 1000, City Hall
 121 N. LaSalle Street
 Chicago, Illinois 60602
 Attn: Commissioner

If to Developer: Palmet Venture, L.L.C.
 134 North LaSalle Street, Suite 906
 Chicago, Illinois 60602
 Attn: Michael Moyer

Notices and submissions are deemed to have been received by the parties three (3) days after mailing. The parties, by notice given hereunder, may designate any further or different addresses to which subsequent notices, submissions or other communications shall be sent.

5. Headings. The headings of the various Paragraphs of this Agreement have been inserted for convenient reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof.

6. Governing Law. This Agreement shall be governed by and

construed in accordance with the laws of the State of Illinois.

7. Entire Agreement. This Agreement shall constitute the entire agreement of the parties regarding the subject matter hereof. This Agreement may not be modified or amended in any manner other than by written agreement executed by the parties.

8. Severability. If any provision of this Agreement, or any paragraph, sentence, clause, phrase or word or the application thereof is held invalid, the remainder of this Agreement shall be construed as if such invalid part were never included and this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

9. Waiver and Estoppel. Any delay by the City in instituting or prosecuting any actions or proceedings or otherwise asserting its rights and remedies shall not operate as a waiver of such rights or remedies or operate to deprive the City of or limit such rights in any way. No waiver by the City with respect to any specific default by Developer shall be construed, considered or treated as a waiver of the rights of the City with respect to any other defaults of Developer.

10. Cumulative Remedies. The City may exercise all remedies provided by law or in equity in the event of a default hereunder. All remedies shall be cumulative and the exercise of any one or more remedies shall not be construed as a waiver of any other remedies.

11. Disclaimer. No provision of this Agreement, nor any act of the City, shall be deemed or construed by Developer, or by any third persons, to create any relationship of third-party beneficiary, or of principal or agent, or of limited or general partnership, or of joint venture, or of any association or relationship involving the City.

12. Binding Effect. This Agreement shall be binding on the parties hereto, their successors and assigns.

13. Term. The term hereof shall be for the Term of the Agreement (as defined in the Redevelopment Agreement). However, the term may be amended and extended by written agreement of the parties.

14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed, all as of the date first written above.

PALMET VENTURE L.L.C., an Illinois limited liability company

By: RERC/PalMet, L.L.C., an Illinois limited liability company

Its: Managing Member

By: _____

Its: _____

CITY OF CHICAGO,
an Illinois municipal corporation

By: _____
Christopher R. Hill
Commissioner of Department of
Planning and Development

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SCHEDULE I

(Public Benefits Program)

During the Term of the Agreement:

- A. Developer shall provide or cause Tenant to provide complimentary tickets to performances open to the general public at the Palace Theater. The complimentary tickets shall be made available for various public purposes such as to provide a cultural experience that would not otherwise be affordable for economically disadvantaged families and persons. The number of tickets to be provided by Developer is intended to be a total of 2,000 tickets over a term of ten years (commencing on the date that the City has issued a Certificate with respect to the Palace Theater) to productions in which Tenant is the exclusive producer of the play. The Developer is not required to provide tickets to productions in which Tenant is not the exclusive producer of the play (which shall be deemed to refer to (i) shows booked by Tenant as a "presenter", (ii) shows where the Palace Theater has been rented, or (iii) shows in which Tenant is one of several producers). In the event Tenant is able to provide tickets to shows in which Tenant is not the exclusive producer, Tenant may do so at its sole discretion and such tickets shall be applied toward fulfillment of the above-stated requirement. Tickets shall be distributed to eligible recipients by Developer in coordination with representatives and officials of the City's Department of Human Services or not-for-profit agencies located in Chicago. The identity of the representatives of such agencies is to be agreed upon by the parties. At Developer's sole discretion, some or all of the tickets to be made available by Developer may be for "rush" seats and available at or near the time of performance.
- B. Developer shall provide or cause Tenant to provide use of the auditorium, or other suitable area for smaller festivities, of the Palace Theater for various civic and community events for up to two (2) days per calendar year (prorated for less than a full calendar year) . The arrangements for any such use shall be coordinated through the City's Department of Cultural Affairs and all requests made to Developer for the use of such space shall be made in writing no earlier than sixty (60) days prior to the proposed date when the space is to be utilized. The approval by Developer to the use of such space shall not be unreasonably withheld or delayed if the auditorium is available (it being acknowledged that the auditorium may not be available due to conflict with performances, rehearsals or load-in and load-outs of shows and other events at the theater), the civic and community event will not interfere with show sets and other props on stage and the user agrees to comply with Developer's and Tenant's customary terms for usage

of the auditorium. Developer agrees that no rental will be charged with the view of making a profit for such usage for the aforesaid limited number of days per year but Developer and Tenant shall be reimbursed their costs directly related to such usage that Developer and Tenant would not otherwise incur but for such usage including, without limiting the generality of the foregoing, Developer's and Tenant's costs for providing all or any of set-up, security, ushering, backstage services, and clean-up. Developer shall provide the user an estimate of the costs to be incurred for the particular usage of the auditorium at the time of booking and may require a deposit or installments to secure the booking. Following the event, Developer and Tenant shall be reimbursed for all costs not previously paid within fifteen (15) days of submission of an invoice and details of all of Developer's and Tenant's costs. At Developer's option and with user's concurrence, Developer may quote a fixed fee to cover its estimated costs.

13. Term. The term hereof shall be for the Term of the Agreement (as defined in the Redevelopment Agreement). However, the term may be amended and extended by written agreement of the parties.

14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed, all as of the date first written above.

PALMET VENTURE L.L.C., an Illinois limited liability company

By: RERC/PalMet, L.L.C., an Illinois limited liability company

Its: Managing Member

By: _____

Its: _____

CITY OF CHICAGO,
an Illinois municipal corporation

By: _____
Christopher R. Hill
Commissioner of Department of
Planning and Development

SCHEDULE I

(School Assistance Program)

During the Term of the Agreement:

- A. Developer, once the Palace Theater is redeveloped and open for business, agrees to provide or cause Tenant to provide educational programs substantially along the lines of those described in general in Exhibit A attached hereto and incorporated herein by this reference, as such programs may be expanded, replaced or altered from time to time but always with the view of providing worthwhile and educational benefits to the students of the City's public schools and their educators ("General Education Program"). The General Education Program is intended to provide on average annual monetary and in-kind benefits of at least \$50,000.00, as adjusted bi-annually for inflation. As the General Education Program is made more specific from time to time with respect to a particular production at the Palace Theater, such information shall be made available in a timely manner to the School Reform Board. The General Education Program, as part of the School Assistance Program, shall be coordinated by Developer with the proper officials of the School Reform Board with the view of providing a fair distribution of benefits throughout the entire City public school system.
- B. As part of the School Assistance Program, Developer shall sponsor a public school designated from time to time as a school for performing arts by the School Reform Board because of special programs being offered, or to be offered, at such school beyond those normally provided to make available specialized training and education in the performing arts, including music, song and acting that are integral to live theater. Such sponsorship shall include workshops, guest lecturing and financial sponsorship in an amount not to exceed \$10,000.00 per school year, as adjusted bi-annually for inflation ("Sponsorship Program"). The broad outline of the Sponsorship Program contained herein is subject to refinement through negotiation and coordination conducted in good faith between Developer, Tenant and the School Reform Board (or designee thereof).

EXHIBIT "A"

Palace Theater Educational Programs

PalMet Venture, L.L.C., an Illinois limited liability company ("PalMet"), the beneficial owner of the Palace Theater located at 171 West Randolph Street, Chicago, Illinois, and Fox Development, L.L.C., a Missouri limited liability company ("Fox"), the operator of the Palace Theater pursuant to a Lease dated April 25, 1997 between PalMet, Fox, and American National Bank and Trust Company of Chicago as Trustee under a Trust Agreement dated November 19, 1996 and known as Trust No. 122332-01, will work with the Chicago School Reform Board of Trustees to develop a performing arts education program at the Palace Theater. Along with the the School Reform Board of Trustees, PalMet and Fox will develop policies and procedures to identify qualified high school students who desire to participate in an extern program with the Palace Theater. These students will be able to gain experience in all aspects of the production of a live theatrical event.

EXHIBIT P

JOB READINESS PROGRAM (JRP)

The JRP is a program developed by the City of Chicago that trains Chicago residents that live in the communities within and surrounding Tax Increment Financing (TIF) districts to be qualified, "job ready" candidates for entry level jobs in TIF districts. TIF district incremental tax revenues allocated for job training expenses are used to fund the JRP. The JRP is jointly managed by the Department of Planning and Development ("DPD") and the Mayor's Office of Employment and Training ("MET").

The JRP involves the participation of TIF district employers, DPD, MET, delegate agencies and third party service providers. The existing and future employers in TIF districts that participate are those that offer entry level employment positions. The delegate agencies and third party service providers that participate are those that provide direct services such as job readiness training or recruiting services. DPD and MET coordinate the participation of all parties.

The JRP is implemented through a process that involves the participating employer(s): (1) describing its business/industry, a "job ready" candidate for entry level jobs in its business, the type of candidate that it seeks to hire, and the type and number of entry level positions that it needs to fill both initially and on an on-going basis; (2) participating in the selection of a job readiness trainer through selection by the participating employer of an agency from a list proposed by the City (with the City maintaining final contracting authority), including proposing suitable agencies to be included on the City's list, with the City maintaining final approval authority over which agencies are on the list; (3) retaining the right to halt participation in the JRP due to the agency's failure to present candidates satisfying the employer(s)' hiring requirements, until the agency makes the changes necessary to meet the employer(s)' hiring requirements or a new agency is selected by the employer from the City's list; (4) developing a working relationship with the job readiness trainer and recruiting organization; (5) if the employer so desires, providing names of individuals to be enrolled in the JRP to DPD and MET, with such individuals to be assessed by DPD and/or MET and, if determined to qualify, to be enrolled in the JRP; (6) providing written feedback to DPD and MET when 33% of the expected number of initial open non-technical and non-managerial entry level positions are filled, when all the initial open non-technical and non-managerial entry level positions have been filled, and every six months thereafter (or more frequently as the employer desires) on the quality of JRP candidates interviewed by the employer in order to improve the JRP, which shall include information regarding the number of JRP candidates interviewed and the number of JRP candidates hired for entry level non-technical and non-managerial

positions; and (7) providing a six month report to DPD and MET on the employment status of hired JRP graduates.

DPD, MET and any delegate agency or third party service provider (and not the employer(s)) are responsible for recruiting Chicago residents that qualify to participate in the JRP. Chicago residents that live in communities within and surrounding the TIF district are then trained through the JRP to meet the employer's needs within that TIF district. Provided that the employer has been presented with JRP candidates during the interviewing timeframe defined by the employer, the employer then interviews and makes hiring decisions about those candidates first, before other "off-the-street" applicants (non-JRP candidates) are interviewed or hired, for the initially available non-technical and non-managerial entry level positions (which number of positions shall be mutually agreed upon by the employer and DPD); provided, that in the event that the employer is presented with a number of JRP candidates within the interviewing timeframe as provided above which is less than the agreed-upon number of the employer's initially available non-technical and non-managerial entry level positions, the employer may interview and make hiring decisions about a specified number of non-JRP candidates only after interviewing and making hiring decisions about such JRP candidates, with such specified number of non-JRP candidates not to exceed the difference between the number of JRP candidates presented to the employer as provided above and the number of the employer's initially available non-technical and non-managerial entry level positions. After the initial non-technical and non-managerial entry level positions have been filled, and provided that the employer has been presented with JRP candidates during the interviewing timeframe defined by the employer, the employer will interview a JRP graduate prior to making a final hiring decision about a position for at least 75% of the non-technical and non-managerial entry level positions that become open during any six month period. The participating employer(s) shall have the right to exercise its sole discretion in choosing or not choosing particular JRP candidates as it makes decisions on hiring and retention. It is anticipated that, under the JRP (as administered by the agency or entity selected as described above), all JRP graduates will receive at least two years of follow-up support services from the selected agency or entity as described above to enable them to maintain their employment and to assist them in securing advanced employment opportunities in the future and in developing a career plan.

EXHIBIT Q

MORTGAGE

THIS MORTGAGE ("Mortgage") is made as of this _____ day _____, 1998 from American National Bank and Trust Company of Chicago, not personally but as Trustee under Trust Agreement dated November 19, 1996 and known as Trust No. 122332-01 (the "Trust"), and Palmet Venture, L.L.C., an Illinois limited liability company and the sole beneficiary of the Trust (the "Developer") (the Trust and the Developer collectively referred to herein as the "Mortgagor"), to the CITY OF CHICAGO, an Illinois municipal corporation, having its principal office at City Hall, Chicago, Illinois 60602 ("City" or "Mortgagee").

RECITALS

WHEREAS, the City Council of the City, by ordinance adopted December 10, 1997, authorized the execution by Mortgagor and the City of that certain "Central Loop Redevelopment Agreement - Palmet Venture, L.L.C." dated as of March __, 1998 (such agreement, as amended, supplemented or modified, the "Redevelopment Agreement"); and

WHEREAS, all terms, unless defined herein, shall have the meaning ascribed for them in the Redevelopment Agreement; and

WHEREAS, the Redevelopment Agreement provides inter alia for the Developer to renovate the building located on certain real property previously acquired by the Trust and legally described in Exhibit A attached hereto (for purposes of this Mortgage, the "Land"); and

WHEREAS, the Project shall be undertaken by Mortgagor in part by utilizing the City Funds, in the maximum aggregate amount of \$17,600,000, to pay for or reimburse the Developer for costs incurred for certain Redevelopment Project Costs, as are further described in the Redevelopment Agreement; and

WHEREAS, the City Funds have been derived from the proceeds of the City's Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997, and any use of the City Funds must be in accordance with any laws, regulations and ordinances governing the use of such funds, including, without limitation, the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. ("TIF Act"); and

WHEREAS, as consideration for the use of the City Funds to complete the Project as well as the receipt of other benefits from the City as are described in the Redevelopment Agreement, Mortgagor has agreed to construct the Project in accordance with the terms and conditions of the Redevelopment Agreement, and, until the expiration of the Term of the Agreement, to abide by certain use, performance and job creation covenants running with and affecting the Land as are set forth in subsection 8.06 of the Redevelopment Agreement (such covenants relating to construction of the Project, use, performance and job creation referred to collectively herein as the "Use and Performance Covenants"); and

WHEREAS, the failure of the Developer to perform under the Use and Performance Covenants of the Redevelopment Agreement described above shall give rise to a Payment Obligation of the Developer to the City as described in Section 4.03(c) of the Redevelopment Agreement; and

WHEREAS, the City is desirous of securing the Payment Obligation of the Developer described in the Redevelopment Agreement;

NOW, THEREFORE, to secure the performance and observance by Mortgagor of its Payment Obligation and the covenants conditions and agreements of this Mortgage, and in order to charge the properties, interests and rights hereinafter described with such consideration, Mortgagor has executed and delivered the Mortgage and does hereby grant, convey, assign, mortgage, grant a security interest in, and confirm unto, Mortgagee and its successors and assigns forever, all of the following rights, interests, claims and property (which is hereinafter sometimes referred to as "Mortgaged Property"), subject to the title matters, liens and encumbrances set forth in Exhibit B attached hereto:

(A) The Land, together with all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto;

(B) All buildings, structures and other improvements of every nature whatsoever now or hereafter situated on the Land, including, without limitation, the Project, all fixtures or attachments of every kind and nature whatsoever now or hereafter owned by Mortgagor which are or shall be attached to, located in or on, forming a part of, used or intended to be used in connection with or incorporated in the Land or such buildings, structures and other improvements, including all extensions, additions,

improvements, betterments, renewals and replacements of any of the foregoing ("Improvements");

(C) All tenements, easements, rights-of-way and rights used as a means of access to the Land and Improvements and appurtenances thereto now or hereafter belonging or pertaining thereto;

(D) All rents and issues of the Land and Improvements from time to time and all of the estate, right, title, interest, property, possession, claim and demand at law, as well as in equity of Mortgagor, in and to the same;

(E) all right, title and interest of Mortgagor in and to all fixtures, personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the Land or the Improvements, together with all furniture, floor covering, fittings, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Land or the Improvements, or used or useful in connection with any present or future operation of the Land or the Improvements, including, but not limited to, all apparatus and equipment used to supply heat, gas, air conditioning, water, light, power, refrigeration, electricity, plumbing and ventilation, including all renewals, additions and accessories to and replacements of and substitutions for each and all of the foregoing, and all proceeds therefrom (the "Equipment");

(F) all of the estate, interest, right, title or other claim or demand which Mortgagor now has or may acquire with respect to (i) proceeds of insurance in effect with respect to the Land, the Improvements or the Equipment, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Land, the Improvements or the Equipment;

(G) all intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of Mortgagor, including, but not limited to cash, accounts receivable, bank accounts, certificates of deposit, rights (if any) to amounts held in escrow, deposits, judgments, liens and causes of action, warranties and guarantees, relating to the Land, the Equipment or the Improvements;

(H) all other property rights of Mortgagor of any kind or character related to all or any portion of the Land, the Improvements or the Equipment; and

(I) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses.

All of the Land, Improvements, estate and property hereinabove

described, real, personal and mixed, whether or not affixed or annexed, and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared, to the maximum extent permitted by law, to form a part and parcel of the Land and Improvements and to be appropriated to the use thereof, and shall for the purposes of the Mortgage deemed to be conveyed and mortgaged hereby; provided, however, as to any property, aforesaid which does not so form a part and parcel of the Land and Improvements, the Mortgage is hereby deemed also to be a Security Agreement under the Uniform Commercial Code of the State of Illinois (the "Code") for the purposes of granting a security interest in such property, which Mortgagor hereby grants to Mortgagee as secured party (as defined in the Code) and as also contemplated and provided for in Section 5.4 hereof.

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Mortgagee, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein;

WITHOUT limitation of the foregoing, Mortgagor hereby further grants unto Mortgagee, pursuant to the provisions of the Code, a security interest in all of the above-described property which are or are to become fixtures.

THIS MORTGAGE IS GIVEN TO SECURE: (a) the performance by the Developer of the Payment Obligation, and (b) performance of each and every of the covenants, conditions and agreements contained in this Mortgage.

SECTION I

INCORPORATION OF RECITALS

The recitals set forth above constitute an integral part of the Mortgage and are hereby incorporated herein by this reference with the same force and effect as if set forth herein as agreements of the parties.

SECTION II

COVENANTS, REPRESENTATIONS; AND WARRANTIES

The Developer covenants, represents and warrants and the Trust represents to Mortgagee that:

2.1 Taxes and Assessments,

(a) Mortgagor will pay when due all general taxes and assessments, special assessments, water charges and all of the charges against the Mortgaged Property and shall, upon written request, furnish to Mortgagee receipts evidencing payment thereof,

provided that Mortgagor, in good faith and with reasonable diligence, may contest the validity or amount of any such taxes, assessments or charges, provided that during any such contest the enforcement of the lien of such taxes, assessments or charges is stayed or is otherwise in compliance with the applicable provisions of the Redevelopment Agreement with respect thereto.

(b) Mortgagor will not suffer (unless bonded or insured over) any mechanic's, laborer's, materialmen's, or statutory lien to remain outstanding upon any of the Mortgaged Property. Mortgagor may contest such lien, provided that Mortgagor shall first post a bond in the amount of the contested lien, or provide title insurance over such contested lien, and further provided that Mortgagor shall diligently prosecute the contested lien and cause the removal of the same.

2.2 Insurance.

Mortgagor shall keep the Mortgaged Property continuously insured in such amounts and against such risks as are required of Mortgagor by the Redevelopment Agreement, paying the premiums for said insurance as they become due. Policies of insurance shall name Mortgagee as an additional insured. All policies of insurance shall provide that the same shall not be cancelled, except upon sixty (60) days prior written notice to Mortgagee.

2.3 Maintenance of the Property,

(a) Mortgagor shall preserve and maintain the Mortgaged Property in good condition and repair, shall not commit or suffer any waste thereof, and shall keep the same in a clean, orderly and attractive condition. Mortgagor shall not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

(b) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, Mortgagor will immediately give written notice of the same to Mortgagee.

(c) Mortgagee or its representatives shall have the right to inspect the Mortgaged Property upon reasonable prior notice at reasonable times to assure compliance with the terms of the Mortgage.

(d) Mortgagor shall promptly comply, and cause the Mortgaged Property to comply, with all present and future laws, ordinances, orders, rules and regulations and other requirements of any governmental authority affecting the Mortgaged Property or any part thereof and with all instruments and documents of record or otherwise affecting the Mortgaged Property or any part thereof.

2.4 Subordination.

Mortgagee by acceptance of the Mortgage acknowledges that the Mortgage shall be subject and subordinate in all respects to any mortgage from Mortgagor (the "First Mortgage") in favor of a lender providing Lender Financing for the Project ("Senior Lender") which has been reflected as Lender Financing in the Redevelopment Agreement, and shall also be subordinate to any mortgage(s) (all such mortgages, a "Permanent Mortgage") that replace the First Mortgage (or any Permanent Mortgage) and which secure financing in a principal amount not to exceed (i) the original principal amount of the senior financing provided by such Senior Lender and (ii) the amount of Equity contributed by the Developer under the Redevelopment Agreement (including the Theater Equity). The agreement by the Mortgagee to be subordinate to a Permanent Mortgage on the terms hereunder shall be reflected by a subordination agreement between the Mortgagee and the Senior Lender named as the mortgagee under such Permanent Mortgage, at the request of such Senior Lender.

2.5 Land Trust.

The trust agreement pursuant to which the Trust holds the Land is a "land trust" as said term is defined in Section 5/15-1205 of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time.

SECTION III

RECAPTURE PROVISIONS

3.1 Generally.

The maximum aggregate amount of the Payment Obligation under the Redevelopment Agreement is \$13,100,000, and such amount is subject to reduction as set forth in Sections 4.03(c) and 8.26 of the Redevelopment Agreement. Pursuant to the terms of the Redevelopment Agreement, Mortgagor, from the execution date of the Mortgage until the expiration of the Term of the Agreement (such time period to be referred to as the "Enforceability Period"), shall construct the Project in accordance with the terms and conditions of the Redevelopment Agreement, and shall, until the expiration of the Term of the Agreement, abide by the other Use and Performance Covenants.

3.2 Recapture.

If, during the Enforceability Period, Mortgagor fails to construct the Project in accordance with the terms and conditions of the Redevelopment Agreement, or subsequent to the issuance of the Certificate by the City, fails to perform in accordance with the other Use and Performance Covenants, and after the delivery of written notice and the expiration of any applicable cure period (as described in Section 15 of the Redevelopment Agreement) the City

shall be entitled to recapture, and Mortgagor shall be obligated to pay the City, an amount equal to the funds then subject to recapture (as described in Section 3.1 above).

3.3 Release of Mortgage.

Upon the expiration of the Enforceability Period, if Mortgagor has complied with the Use and Performance Covenants to the satisfaction of Mortgagee, then Mortgagor shall be deemed to have fully complied with the provisions contained in the Mortgage, and Mortgagor shall be under no further obligation to Mortgagee. In such event, within thirty (30) days of receipt of a written request from Mortgagor, Mortgagee shall execute a release of the Mortgage. Said release shall be in recordable form.

SECTION IV

DEFAULT

4.1 Events of Default.

The terms "Event of Default" or "Events of Default", wherever used in the Mortgage, shall mean the failure by Mortgagor to duly observe or perform any material term, covenant, condition, or agreement of the Mortgage or the Use and Performance Covenants after the expiration of all cure periods as provided herein or in the Redevelopment Agreement.

4.2 Acceleration; Cure.

(a) If an Event of Default shall have occurred under the Redevelopment Agreement (with respect to the Use and Performance Covenants) or the Mortgage, and shall have continued for thirty (30) days following the receipt of notice thereof from Mortgagee to Mortgagor, the amount of the Payment Obligation for which Mortgagor is then liable (as determined by Section 3.1 above in accordance with Section 4.03(c) of the Redevelopment Agreement) and secured hereby, at Mortgagee's sole option, shall immediately become due and payable without further notice or demand; provided, however, that in the event such default cannot reasonably be cured within such thirty (30) day period and if Mortgagor has commenced efforts to cure, then the time to cure shall be extended so long as said party diligently continues to cure such default; provided, further, that no such notice and cure provisions described above shall apply with respect to an Event of Default arising from the failure by Mortgagor to perform the Use and Performance Covenants, as the notice and cure periods of the Redevelopment Agreement shall apply to such Event of Default.

(b) Except as otherwise permitted by the terms of the Redevelopment Agreement or by Mortgagee's written consent, any sale, partial sale, refinancing, syndication or other disposition of all or substantially all of the Mortgaged Property (other than

in the ordinary course of the Mortgagor's business) shall entitle the Mortgagee to declare the Payment Obligation for which Mortgagor is then liable (as determined by Section 3.1 above and in accordance with Section 4.03(c) of the Redevelopment Agreement) and secured hereby immediately due and payable without further notice or demand; provided, however, the replacement or substitution of any machinery, equipment or fixtures, now owned or hereafter acquired by Mortgagor, with machinery or equipment of like kind and value, whether or not such machinery or equipment is deemed a fixture under applicable provisions of the Code, will not be an Event of Default under the Mortgage, provided Mortgagor, if requested to do so by Mortgagee, executes such documents as may be necessary or deemed appropriate to assure Mortgagee of a continuing perfected secured interest in such replacement or substituted machinery, equipment or fixtures.

4.3 Remedies.

(a) Subject to the rights of the Senior Lender, when the Payment Obligation hereby secured, or any part thereof, shall become due on an Event of Default, Mortgagee shall have the right to foreclose the lien hereof for such obligation or part thereof. The Mortgage may be foreclosed successively and in parts, until all of the Mortgaged Property has been foreclosed against. In any such foreclosure, or upon the enforcement of any other remedy of Mortgagee under the Mortgage, there shall be allowed and included as additional indebtedness, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraisers, fees, outlays for documentary and expert evidence, stenographers, charges, publication costs, and costs involved in title insurance and title examinations. All expenditures and expenses of the nature as described in this Section 4.3, and such expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of the Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceeding affecting the Mortgage or the Mortgaged Property, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the lesser of the highest rate permitted by law or fifteen percent (15%) per annum, and shall be secured by the Mortgage. The proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incidental to the foreclosure proceedings, including all such items as are mentioned in this section; (ii) all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Mortgage; (iii) all amounts to be paid pursuant to the recapture provisions described in the Redevelopment Agreement with respect to the Payment Obligation; and (iv) any remaining amounts due to Mortgagor, its successors or assigns, as their rights may appear.

(b) Mortgagor shall not and will not apply for or avail

itself of any appraisement, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of the Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of the Mortgage on its behalf and on behalf of each and every person, except decree or judgment creditors of Mortgagor, acquiring any interest in or title to the Mortgaged Property subsequent to the date of the Mortgage.

(c) Upon any other entering upon or taking of possession of the Mortgaged Property after the occurrence of an Event of Default and the expiration of the applicable cure period and other than by means of a foreclosure, Mortgagee, subject to the rights of the Senior Lender, may hold, use, manage and control the Mortgaged Property and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property required in connection therewith; (ii) insure or keep the Mortgaged Property insured; (iii) manage the Mortgaged Property and exercise all the rights and powers of Mortgagor to the same extent as Mortgagor could in its own name or otherwise with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Mortgagee, all as Mortgagee from time to time may reasonably determine to be to its best advantage. Subject to the rights of the Senior Lender, Mortgagee may collect and receive all the rents, issues, profits and revenues of the same, including those past due as well as those accruing thereafter, and, after deducting to the extent reasonable: (aa) expenses of taking, holding and managing the Mortgaged Property (including compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions; (cc) the cost of such insurance; (dd) such taxes, assessments and other similar charges as Mortgagee may determine to pay; (ee) other proper charges upon the Mortgaged Property or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of Mortgagee, shall apply the remainder of the monies and proceeds so received by Mortgagee to payment of the Payment Obligation. The balance of such funds, if any, after payment in full, of all of the aforesaid amounts shall be paid to Mortgagor.

4.4 Receiver.

Subject to the rights of the Senior Lender, if an Event of

Default shall have occurred and be continuing after an applicable cure period has expired, Mortgagee, upon application to a court of competent jurisdiction, shall be entitled to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall otherwise have all of the rights and powers to the fullest extent permitted by law.

4.5 Purchase by Mortgagee.

Upon any foreclosure sale, Mortgagee may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part of the indebtedness secured hereby as a credit to the purchase price; provided, however, that the Senior Lender has been paid in full.

4.6 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to Mortgagee by the Mortgage is intended to be exclusive of any other right, power or remedy, but each and every right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.

4.7 Waiver.

No delay or omission of Mortgagee or of any holder of the Note to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by the Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. No consent or waiver, expressed or implied, by Mortgagee to or of any breach or Event of Default by Mortgagor in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or Event of Default in the performance of the same or any other obligations of Mortgagor hereunder. Failure on the part of Mortgagee to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Mortgagee of its rights hereunder or impair any rights, powers or remedies on account of any breach or default by Mortgagor.

SECTION V

MISCELLANEOUS PROVISIONS

5.1 Successors and Assigns.

The Mortgage shall inure to the benefit of and be binding upon Mortgagor and Mortgagee and their respective legal representatives,

successors and assigns. Whenever a reference is made in the Mortgage to Mortgagor or to Mortgagee, such reference shall be deemed to include a reference to legal representatives, successors and assigns of Mortgagor or Mortgagee, as applicable.

5.2 Terminology.

All personal pronouns used in the Mortgage, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and sections are for convenience only and neither limit nor amplify the provisions of the Mortgage, and all references herein to articles, sections or paragraphs shall refer to the corresponding articles, sections or paragraphs of the Mortgage unless specific reference is made to such articles, sections or paragraphs of another document or instrument.

5.3 Severability.

If any provision of the Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of the Mortgage and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the extent permitted by law.

5.4 Security Agreement.

The Mortgage shall be construed as a "Security Agreement" within the meaning of, and shall create a security interest under, the Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property which constitutes fixtures or personal property in which such a security interest is intended to be granted as provided in the Mortgage; provided, that such security interest shall also be subordinate to any security interest granted in the Mortgaged Property by the Mortgagor in favor of the Senior Lender. Mortgagee shall have all the rights with respect to such fixtures and personal property afforded to it by said Code in addition to, but not in limitation of, the other rights afforded Mortgagee by the Mortgage or any other agreement.

5.5 Modification.

No change, amendment, modification, cancellation or discharge hereof, or of any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns.

5.6 No Merger.

It being the desire and intention of the parties that the mortgage and the lien hereof do not merge in fee simple title to the Mortgaged Property, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to said property or the ownership thereof, then, unless a contrary

IN WITNESS WHEREOF, the undersigned have caused this Mortgage to be executed as of the day and year first above written.

PALMET VENTURE L.L.C.,
an Illinois limited liability company

By: RERC/PalMet, L.L.C., an Illinois
limited liability company

Its: Managing Member

By: _____

Its: _____

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, not
personally, but solely as Trustee under Trust Agreement dated
November 19, 1996 and known as Trust No. 122332-01

By: _____

Its: _____

Prepared by and to be returned to:

Paul Davis
Assistant Corporation Counsel
City of Chicago
121 North LaSalle Street
Chicago, Illinois 60602

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that _____, personally known to me to be the _____ of RERC/Palmet, L.L.C., an Illinois limited liability company (the "Company") and the managing member of PalMet Venture, L.L.C., an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of the Company, as his/her free and voluntary act and as the free and voluntary act of the Company, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ___ day of _____, 1998.

Notary Public

My Commission Expires _____

(SEAL)

interest is manifested by Mortgagee as evidenced by an appropriate document duly recorded, the Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this mortgage may be foreclosed as if owned by a stranger to the fee simple title.

5.7 Applicable Law.

This Mortgage is submitted to the City at City Hall in the City of Chicago, State of Illinois, and shall be deemed to have been made thereat. This Mortgage shall be governed and controlled as to interpretation, enforcement, validity, construction, effect and in all other respects by the laws, statutes and decisions of the State of Illinois. Mortgagor, in order to induce the City to accept this Mortgage, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree that all actions or proceedings arising directly, indirectly or otherwise in connection with, out of, related to or from this Mortgage shall be litigated, at the City's sole discretion and election, only in courts having a situs within the County of Cook, State of Illinois. Mortgagor hereby consents and submits to the jurisdiction of any local, state or federal court located within said county and state. To the extent permitted by law, Mortgagor' hereby knowingly, voluntarily and intentionally waives the right it may have to a trial by jury in any litigation based hereon, or arising out of, under or in connection with this Mortgage and any agreement contemplated to be executed in conjunction herewith. This provision is a material inducement for the City to enter into the Redevelopment Agreement with Mortgagor.

5.8 Trustee Liability.

This Mortgage is executed by the Trustee, not personally, but solely as Trustee as aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee, and said Trustee hereby warrants that it possesses full power and authority to execute this instrument, and it is expressly understood and agreed that nothing herein shall be construed as creating any liability on the Trustee personally to perform any covenant either express or implied herein. No personal liability shall be asserted or enforceable against the Trustee by reason of any of the covenants, statements, representations or warranties contained in this instrument.

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Jocelyn Geboy, a notary public in and for the said County in the State aforesaid, DO HEREBY CERTIFY that Gregory Kasprzak, V.P. and _____, personally known to me to be the _____ of American National Bank and Trust Company of Chicago, not personally, but as trustee under Trust Agreement dated November 19, 1996 and known as Trust No. 122332-01, an Illinois corporation (the "Trustee"), and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Board of Directors of the Trustee, as their free and voluntary act and as the free and voluntary act of the Trustee, for the uses and purposes therein set forth.

March GIVEN under my hand and official seal this 6 day of _____, 1998.

Jocelyn Geboy
Notary Public

My Commission Expires _____

(SEAL)

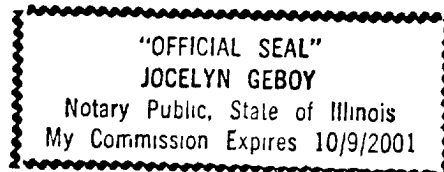


EXHIBIT A

LEGAL DESCRIPTION

ORIGINAL LOTS 1 TO 4 (EXCEPT THAT PART OF ORIGINAL LOT 1 TAKEN FOR WIDENING NORTH LASALLE STREET) IN BLOCK 40 IN ORIGINAL TOWN OF CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.:

- 17-09-445-001-0000**
- 17-09-445-002-0000**
- 17-09-445-003-0000**
- 17-09-445-004-0000**
- 17-09-445-005-0000**
- 17-09-445-006-0000**

Common address:

- 134 North LaSalle Street, Chicago, Illinois**
- 171 West Randolph Street, Chicago, Illinois**

EXHIBIT B

Those matters set forth as Title Exceptions on Schedule B in the Mortgagee's title policy (number 7709367) issued by Chicago Title Insurance Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

PalMet Venture LLC
MUNICIPAL In-Kind Contributions: STREETSCAPE

Exhibit R

STREETSCAPE

Above Ground Planters	29,050
Inground Planters	105,000
Sidewalk Protection	9,600
Trees	<u>45,000</u>
Subtotal	188,650
Street Lights	<u>100,000</u>
Subtotal	288,650
Streetscape Design & Engineering	<u>110,000</u>
TOTAL IN-KIND CONTRIBUTION	<u># 398,650</u>

EXHIBIT O

AGREEMENT TO PROVIDE ASSISTANCE TO
THE CHICAGO SCHOOL REFORM BOARD OF TRUSTEES

THIS AGREEMENT TO PROVIDE ASSISTANCE TO THE CHICAGO SCHOOL REFORM BOARD OF TRUSTEES ("Agreement") is made and entered into as of the ___ day of _____, 1998, by and between the CITY OF CHICAGO, an Illinois municipal corporation, having its principal office at City Hall, 121 North LaSalle Street, Chicago, Illinois 60602 (the "City"), and PALMET VENTURE, L.L.C., an Illinois limited liability company, having its principal address at 134 North LaSalle Street, Suite 906, Chicago, Illinois ("Developer").

W I T N E S S E T H :

WHEREAS, the City, the Developer and American National Bank and Trust Company of Chicago, not personally but as trustee under a Trust Agreement dated November 19, 1996 and known as Trust No. 122332-01, have executed that certain Central Loop Redevelopment Agreement - Palmet Venture, L.L.C. dated March ___, 1998 ("Redevelopment Agreement") relating to the Developer's renovation of the existing improvements located on the property at 134 North LaSalle Street and 171 West Randolph Street, Chicago, Illinois, and to the Developer making certain other related public improvements; and

WHEREAS, all capitalized terms in this Agreement, unless otherwise defined herein, shall have the meanings ascribed for them in the Redevelopment Agreement; and

WHEREAS, in consideration of the City entering into the Redevelopment Agreement and providing the City Funds towards the cost of the Project pursuant to the terms of the Redevelopment Agreement, and as required in the Redevelopment Agreement, Developer has agreed to provide assistance to the Chicago School Reform Board of Trustees ("School Reform Board") and various services, opportunities and programs benefitting the students of the City's public schools in general and sponsored public schools in particular, all as described more fully below:

NOW, THEREFORE, in consideration of the foregoing preambles, each of which is made a contractual part hereof, and of the mutual covenants and agreements contained herein and in the Redevelopment Agreement, the parties agree as follows:

1. School Assistance Program. Developer shall provide, or shall cause the tenant of the Developer which shall operate the Palace Theater (the "Tenant") to provide, as assistance to the School Reform Board and benefits to the City's public schools and the students thereof, the cash, cash equivalent and in-kind contributions, services, programs and benefits set forth in Schedule I attached hereto and incorporated herein by this reference ("School Assistance Program"). The School Assistance

Program is primarily intended to be derived from the ownership and operation of the Palace Theater by Developer and Tenant, but also to include broader contributions predicated upon sponsoring a public school as a school of performing arts by virtue of the general expertise of Developer and Tenant in producing live theater entertainment. Developer's commitment and agreement to Provide the School Assistance Program shall last for the Term of the Agreement.

2. Reporting. Semi-annually during the first week of January and the first week of July of each year during the Term of the Agreement, Developer shall submit a general activity report for the School Assistance Program covering the preceding semi-annual period and, to the extent feasible and foreseeable, projecting activities anticipated to occur for the upcoming semi-annual period with respect to the School Assistance Program. Such reports shall be addressed and submitted to the Department of Planning and Development of the City (to the attention of the City's Commissioner of Planning and Development) with a copy to the School Reform Board (to the attention of its President), in each case at the address therefor set forth in Paragraph 4 below.

3. Default. Failure of Developer to comply with the terms and conditions of this Agreement, which failure continues uncured for a period of sixty (60) days after written notice of default from the City, shall be a default hereunder and shall be considered an Event of Default under the Redevelopment Agreement.

4. Notice. Any notice or submission required or desired to be given pursuant to or in connection with this Agreement shall be in writing and shall be mailed postage prepaid by registered or certified mail with return receipt requested, or hand delivered and receipted, as follows:

If to the City:	City of Chicago Department of Planning and Development Room 1000, City Hall 121 N. LaSalle Street Chicago, Illinois 60602 Attn: Commissioner
with a copy to:	Chicago School Reform Board of Trustees 1819 West Pershing Road 6 East (North) Chicago, Illinois 60609 Attn: President
If to Developer:	Palmet Venture, L.L.C. 134 North LaSalle Street, Suite 906 Chicago, Illinois 60602 Attn: Michael Moyer

Notices and submissions are deemed to have been received by the parties three (3) days after mailing. The parties, by notice given hereunder, may designate any further or different addresses to which subsequent notices, submissions or other communications shall be sent.

5. Headings. The headings of the various paragraphs of this Agreement have been inserted for convenient reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

7. Entire Agreement. This Agreement shall constitute the entire agreement of the parties regarding the subject matter hereof. This Agreement may not be modified or amended in any manner other than by written agreement executed by the parties.

8. Severability. If any provision of this Agreement, or any paragraph, sentence, clause, phrase or word or the application thereof is held invalid, the remainder of this Agreement shall be construed as if such invalid part were never included and this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

9. Waiver and Estoppel. Any delay by the City in instituting or prosecuting any actions or proceedings or otherwise asserting its rights and remedies shall not operate as a waiver of such rights or remedies or operate to deprive the City of or limit such rights in any way. No waiver by the City with respect to any specific default by Developer shall be construed, considered or treated as a waiver of the rights of the City with respect to any other defaults of Developer.

10. Cumulative Remedies. The City may exercise all remedies provided by law or in equity in the event of a default hereunder. All remedies shall be cumulative and the exercise of any one or more remedies shall not be construed as a waiver of any other remedies.

11. Disclaimer. No provision of this Agreement, nor any act of the City, shall be deemed or construed by Developer, or by any third persons, to create any relationship of third-party beneficiary (except for the express benefits intended for the School Reform Board in the sponsorship of a public school as a school for the performing arts), or of principal or agent, or of limited or general partnership, or of joint venture, or of any association or relationship involving the City.

12. Binding Effect. This Agreement shall be binding on the parties hereto, their successors and assigns.

**CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT**

SECTION I – GENERAL INFORMATION

A. Legal name of Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

VKAM/PalMet, LLC

Check ONE of the following three boxes:

Indicate whether Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which Disclosing Party holds an interest: PalMet Venture, LLC

OR

3. a specified legal entity with a right of control (see Section II.B.1.b.) State the legal name of the entity in which Disclosing Party holds a right of control: _____

B. Business address of Disclosing Party: 290 County Farm Road 3rd flr
Wheaton, IL 60187

C. Telephone: 630 588 7200 Fax: 630 588 7210 Email: jatrannel@vkgroup.com

D. Name of contact person: Jerald Trannel

E. Federal Employer Identification No. (if you have one): 36-4115578

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Sale of a portion of property.

G. Which City agency or department is requesting this EDS? Department Of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

SECTION II – DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input checked="" type="checkbox"/> Limited liability company* |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership* |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture* |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership* | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership* | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Other (please specify) |

* Note B.1.b below.

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1.a. List below the full names and titles of all executive officers and all directors of the entity. For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

Name	Title
N/A	

1.b. If you checked "General partnership," "Limited partnership," "Limited liability company," "Limited liability partnership" or "Joint venture" in response to Item A.1. above (Nature of Disclosing Party), list below the name and title of each general partner, managing member, manager or

any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
VKAM Real Estate, LLC	Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE:** Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
VKAM Real Estate, LLC	290 County Farm Rd. 3rd flr Wheaton, IL 60187	91.371%

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total

amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated)

(Add sheets if necessary)

Check here if the Disclosing party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the term of the contract.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in clause B.1.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

2. The certifications in subparts 2, 3 and 4 concern:

- the Disclosing Party;
- any "Applicable Party" (meaning any party participating in the performance of the Matter, including but not limited to any persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Applicable Parties, the term Affiliated Entity means a person or entity that directly or indirectly controls the Applicable Party, is controlled by it, or, with the Applicable Party, is under common control of another person or entity;

• any responsible official of the Disclosing Party, any Applicable Party or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Applicable Party or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Applicable Party or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Applicable Party, nor any Affiliated Entity of either the Disclosing Party or any Applicable Party nor any Agents have, during the five years before the date this EDS is signed, or, with respect to an Applicable Party, an Affiliated Entity, or an Affiliated Entity of an Applicable Party during the five years before the date of such Applicable Party's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

3. Neither the Disclosing Party, Affiliated Entity or Applicable Party, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

4. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

5. The Disclosing Party understands and shall comply with (1) the applicable requirements of the Governmental Ethics Ordinance of the City, Title 2, Chapter 2-156 of the Municipal Code; and (2) all the applicable provisions of Chapter 2-56 of the Municipal Code (Office of the Inspector General).

6. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

For purposes of this Part C, under Municipal Code Section 2-32-455(b), the term "financial institution" means a bank, savings and loan association, thrift, credit union, mortgage banker, mortgage broker, trust company, savings bank, investment bank, securities broker, municipal securities broker, securities dealer, municipal securities dealer, securities underwriter, municipal securities underwriter, investment trust, venture capital company, bank holding company, financial services holding company, or any licensee under the Consumer Installment Loan Act, the Sales Finance Agency Act, or the Residential Mortgage Licensing Act. However, "financial institution" specifically shall not include any entity whose predominant business is the providing of tax deferred, defined contribution, pension plans to public employees in accordance with Sections 403(b) and 457 of the Internal Revenue Code. (Additional definitions may be found in Municipal Code Section 2-32-455(b).)

1. CERTIFICATION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter

2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
<hr/>		
<hr/>		
<hr/>		

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

The Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities for records of investments or profits from slavery, the slave industry, or slaveholder insurance policies from the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves) and has disclosed in this EDS any and all such records to the City. In addition, the Disclosing Party must disclose the names of any and all slaves or slaveholders described in those records. Failure to comply with these disclosure requirements may make the Matter to which this EDS pertains voidable by the City.

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all requisite information as set forth in that paragraph 2.

1. The Disclosing Party verifies that (a) the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities for records of investments or profits from slavery, the slave industry, or slaveholder insurance policies, and (b) the Disclosing Party has found no records of investments or profits from slavery, the slave industry, or slaveholder insurance policies and no records of names of any slaves or slaveholders.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1(a) above, the Disclosing Party has found records relating to investments or profits from slavery, the slave industry, or slaveholder insurance policies and/or the names of any slaves or slaveholders. The Disclosing Party verifies that the following constitutes full disclosure of all such records:

SECTION VI – CERTIFICATIONS FOR FEDERALLY-FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Begin list here, add sheets as necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

If the Matter is federally funded and any funds other than federally appropriated funds have been or will be paid to any person or entity for influencing or attempting to influence an officer or employee of any agency (as defined by applicable federal law), a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the Matter, the Disclosing Party must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. The form may be obtained online from the federal Office of Management and Budget (OMB) web site at <http://www.whitehouse.gov/omb/grants/sflllin.pdf>, linked on the page http://www.whitehouse.gov/omb/grants/grants_forms.html.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. By completing and filing this EDS, the Disclosing Party acknowledges and agrees, on behalf of itself and the persons or entities named in this EDS, that the City may investigate the creditworthiness of some or all of the persons or entities named in this EDS.

B. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

C. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

D. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded, void or voidable), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

E. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

F. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires.

The Disclosing Party represents and warrants that:

G. The Disclosing Party has not withheld or reserved any disclosures as to economic interests in the Disclosing Party, or as to the Matter, or any information, data or plan as to the intended use or purpose for which the Applicant seeks City Council or other City agency action.

For purposes of the certifications in H.1. and H.2. below, the term "affiliate" means any person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members; shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with the federal government or a state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity.

H.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its affiliates delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

H.2. If the Disclosing Party is the Applicant, the Disclosing Party and its affiliates will not use, nor permit their subcontractors to use, any facility on the U.S. EPA's List of Violating Facilities in connection with the Matter for the duration of time that such facility remains on the list.

H.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in H.1. and H.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in H.1., H.2. or H.3. above, an explanatory statement must be attached to this EDS.

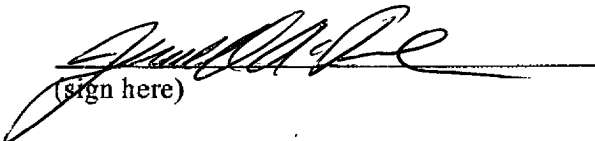
CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS are true, accurate and complete as of the date furnished to the City.

VKAM/PalMet, LLC
(Print or type name of Disclosing Party)

Date: December 5, 2006

By:


(sign here)

Jerald Trannel
(Print or type name of person signing)

Vice President
(Print or type title of person signing)

Signed and sworn to before me on (date) December 5, 2006, by Jerald A. Trannel,
at DuPage County, Illinois (state).

 Notary Public.

Commission expires: 8/7/2007



**CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

RERC/PalMet, LLC

Check ONE of the following three boxes:

Indicate whether Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which Disclosing Party holds an interest: PalMet Venture, LLC

OR

3. a specified legal entity with a right of control (see Section II.B.1.b.) State the legal name of the entity in which Disclosing Party holds a right of control: _____

B. Business address of Disclosing Party:

134 N. LaSalle st. Suite 1220

Chicago, IL 60602-1012

C. Telephone: 312 726 2380

Fax: 312 726 2398

Email: mamoyer@msn.com

D. Name of contact person: Michael Moyer

E. Federal Employer Identification No. (if you have one): 36-4109004

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Sale of a portion of property

G. Which City agency or department is requesting this EDS? _____

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

SECTION II – DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input checked="" type="checkbox"/> Limited liability company* |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership* |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture* |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership* | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership* | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Other (please specify) |

* Note B.1.b below.

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1.a. List below the full names and titles of all executive officers and all directors of the entity. For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

Name	Title
N/A	

1.b. If you checked "General partnership," "Limited partnership," "Limited liability company," "Limited liability partnership" or "Joint venture" in response to Item A.1. above (Nature of Disclosing Party), list below the name and title of each general partner, managing member, manager or

any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
Michael Moyer	Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE:** Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Michael Moyer	134 N. LaSalle St. #1220 Chicago, IL 60602	68.10%
Guy Ackermann	225 W. Washington #400 Chicago, IL 60606	14.25%
E. Baker Jenner	134 N. LaSalle St. #1220 Chicago, IL 60602	10.00%

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total

amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

“Lobbyist” means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. “Lobbyist” also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated)
---	------------------	---	--

(Add sheets if necessary)

Check here if the Disclosing party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the term of the contract.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person owns 10% or more of the Disclosing Party.

If “Yes,” has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in clause B.1.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

2. The certifications in subparts 2, 3 and 4 concern:

- the Disclosing Party;
- any "Applicable Party" (meaning any party participating in the performance of the Matter, including but not limited to any persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Applicable Parties, the term Affiliated Entity means a person or entity that directly or indirectly controls the Applicable Party, is controlled by it, or, with the Applicable Party, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Applicable Party or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Applicable Party or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Applicable Party or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Applicable Party, nor any Affiliated Entity of either the Disclosing Party or any Applicable Party nor any Agents have, during the five years before the date this EDS is signed, or, with respect to an Applicable Party, an Affiliated Entity, or an Affiliated Entity of an Applicable Party during the five years before the date of such Applicable Party's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

3. Neither the Disclosing Party, Affiliated Entity or Applicable Party, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

4. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

5. The Disclosing Party understands and shall comply with (1) the applicable requirements of the Governmental Ethics Ordinance of the City, Title 2, Chapter 2-156 of the Municipal Code; and (2) all the applicable provisions of Chapter 2-56 of the Municipal Code (Office of the Inspector General).

6. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

For purposes of this Part C, under Municipal Code Section 2-32-455(b), the term "financial institution" means a bank, savings and loan association, thrift, credit union, mortgage banker, mortgage broker, trust company, savings bank, investment bank, securities broker, municipal securities broker, securities dealer, municipal securities dealer, securities underwriter, municipal securities underwriter, investment trust, venture capital company, bank holding company, financial services holding company, or any licensee under the Consumer Installment Loan Act, the Sales Finance Agency Act, or the Residential Mortgage Licensing Act. However, "financial institution" specifically shall not include any entity whose predominant business is the providing of tax deferred, defined contribution, pension plans to public employees in accordance with Sections 403(b) and 457 of the Internal Revenue Code. (Additional definitions may be found in Municipal Code Section 2-32-455(b).)

1. CERTIFICATION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter

2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes

No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

The Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities for records of investments or profits from slavery, the slave industry, or slaveholder insurance policies from the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves) and has disclosed in this EDS any and all such records to the City. In addition, the Disclosing Party must disclose the names of any and all slaves or slaveholders described in those records. Failure to comply with these disclosure requirements may make the Matter to which this EDS pertains voidable by the City.

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all requisite information as set forth in that paragraph 2.

1. The Disclosing Party verifies that (a) the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities for records of investments or profits from slavery, the slave industry, or slaveholder insurance policies, and (b) the Disclosing Party has found no records of investments or profits from slavery, the slave industry, or slaveholder insurance policies and no records of names of any slaves or slaveholders.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1(a) above, the Disclosing Party has found records relating to investments or profits from slavery, the slave industry, or slaveholder insurance policies and/or the names of any slaves or slaveholders. The Disclosing Party verifies that the following constitutes full disclosure of all such records:

SECTION VI – CERTIFICATIONS FOR FEDERALLY-FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Begin list here, add sheets as necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

If the Matter is federally funded and any funds other than federally appropriated funds have been or will be paid to any person or entity for influencing or attempting to influence an officer or employee of any agency (as defined by applicable federal law), a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the Matter, the Disclosing Party must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. The form may be obtained online from the federal Office of Management and Budget (OMB) web site at <http://www.whitehouse.gov/omb/grants/sflllin.pdf>, linked on the page http://www.whitehouse.gov/omb/grants/grants_forms.html.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes

No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes

No

If you checked "No" to question 1. or 2. above, please provide an explanation:

SECTION VII – ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. By completing and filing this EDS, the Disclosing Party acknowledges and agrees, on behalf of itself and the persons or entities named in this EDS, that the City may investigate the creditworthiness of some or all of the persons or entities named in this EDS.

B. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

C. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

D. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded, void or voidable), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

E. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

F. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires.

The Disclosing Party represents and warrants that:

G. The Disclosing Party has not withheld or reserved any disclosures as to economic interests in the Disclosing Party, or as to the Matter, or any information, data or plan as to the intended use or purpose for which the Applicant seeks City Council or other City agency action.

For purposes of the certifications in H.1. and H.2. below, the term "affiliate" means any person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members; shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with the federal government or a state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity.

H.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its affiliates delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

H.2 If the Disclosing Party is the Applicant, the Disclosing Party and its affiliates will not use, nor permit their subcontractors to use, any facility on the U.S. EPA's List of Violating Facilities in connection with the Matter for the duration of time that such facility remains on the list.

H.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in H.1. and H.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in H.1., H.2. or H.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS are true, accurate and complete as of the date furnished to the City.

RERC/PalMet, LLC
(Print or type name of Disclosing Party)

Date: 11/16/06

By:

Michael Moyer
(sign here)

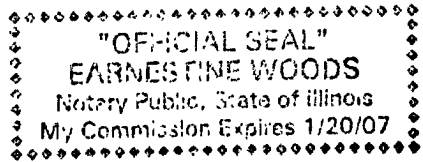
Michael Moyer
(Print or type name of person signing)

Managing Member
(Print or type title of person signing)

Signed and sworn to before me on (date) 11/16/06, by MICHAEL MOYER,
at Cook County, Illinois (state).

Earnestine Woods Notary Public.

Commission expires: 1/20/07.



**CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT**

SECTION I – GENERAL INFORMATION

A. Legal name of Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

PalMet Venture, LLC

Check ONE of the following three boxes:

Indicate whether Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which Disclosing Party holds an interest: _____

OR

3. a specified legal entity with a right of control (see Section II.B.1.b.) State the legal name of the entity in which Disclosing Party holds a right of control: _____

B. Business address of Disclosing Party:

134 N. LaSalle St. Suite 1220

Chicago, IL 60602-1012

C. Telephone: 312 726 2380 Fax: 312 726 2398 Email: mamoyer@msn.com

D. Name of contact person: Michael Moyer

E. Federal Employer Identification No. (if you have one): 36-4109006

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Sale of a portion of property

G. Which City agency or department is requesting this EDS? Department of Planning & Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

SECTION II – DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input checked="" type="checkbox"/> Limited liability company* |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership* |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture* |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership* | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership* | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Other (please specify) |

* Note B.1.b below.

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1.a. List below the full names and titles of all executive officers and all directors of the entity. For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

Name	Title
<u>N/A</u>	
_____	_____
_____	_____
_____	_____

1.b. If you checked "General partnership," "Limited partnership," "Limited liability company," "Limited liability partnership" or "Joint venture" in response to Item A.1. above (Nature of Disclosing Party), list below the name and title of each general partner, managing member, manager or

any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
RERC/PalMet, LLC	Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE:** Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
RERC/PalMet, LLC	134 N. LaSalle St. #1220 Chicago, IL 60602	25%
VKAM/PalMet, LLC	290 County Farm Ed. 3rd Flr Wheaton, IL 60187	75%

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total

amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

“Lobbyist” means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. “Lobbyist” also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated)
Chico & Nunes	333 W. Wacker Dr.	Suite #1650 Chicago, IL 60606	Attorney Undetermined
Crowley Barrett Karaba	20 S. Clark St.	Sutie #2310 Chicago, IL 60603	Attorney Undetermined

(Add sheets if necessary)

Check here if the Disclosing party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the term of the contract.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person owns 10% or more of the Disclosing Party.

If “Yes,” has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in clause B.1.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

2. The certifications in subparts 2, 3 and 4 concern:

- the Disclosing Party;
- any "Applicable Party" (meaning any party participating in the performance of the Matter, including but not limited to any persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Applicable Parties, the term Affiliated Entity means a person or entity that directly or indirectly controls the Applicable Party, is controlled by it, or, with the Applicable Party, is under common control of another person or entity;

• any responsible official of the Disclosing Party, any Applicable Party or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Applicable Party or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Applicable Party or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Applicable Party, nor any Affiliated Entity of either the Disclosing Party or any Applicable Party nor any Agents have, during the five years before the date this EDS is signed, or, with respect to an Applicable Party, an Affiliated Entity, or an Affiliated Entity of an Applicable Party during the five years before the date of such Applicable Party's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

3. Neither the Disclosing Party, Affiliated Entity or Applicable Party, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

4. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

5. The Disclosing Party understands and shall comply with (1) the applicable requirements of the Governmental Ethics Ordinance of the City, Title 2, Chapter 2-156 of the Municipal Code; and (2) all the applicable provisions of Chapter 2-56 of the Municipal Code (Office of the Inspector General).

6. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

For purposes of this Part C, under Municipal Code Section 2-32-455(b), the term "financial institution" means a bank, savings and loan association, thrift, credit union, mortgage banker, mortgage broker, trust company, savings bank, investment bank, securities broker, municipal securities broker, securities dealer, municipal securities dealer, securities underwriter, municipal securities underwriter, investment trust, venture capital company, bank holding company, financial services holding company, or any licensee under the Consumer Installment Loan Act, the Sales Finance Agency Act, or the Residential Mortgage Licensing Act. However, "financial institution" specifically shall not include any entity whose predominant business is the providing of tax deferred, defined contribution, pension plans to public employees in accordance with Sections 403(b) and 457 of the Internal Revenue Code. (Additional definitions may be found in Municipal Code Section 2-32-455(b).)

1. CERTIFICATION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter

2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes

No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes

No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name

Business Address

Nature of Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

The Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities for records of investments or profits from slavery, the slave industry, or slaveholder insurance policies from the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves) and has disclosed in this EDS any and all such records to the City. In addition, the Disclosing Party must disclose the names of any and all slaves or slaveholders described in those records. Failure to comply with these disclosure requirements may make the Matter to which this EDS pertains voidable by the City.

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all requisite information as set forth in that paragraph 2.

 X 1. The Disclosing Party verifies that (a) the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities for records of investments or profits from slavery, the slave industry, or slaveholder insurance policies, and (b) the Disclosing Party has found no records of investments or profits from slavery, the slave industry, or slaveholder insurance policies and no records of names of any slaves or slaveholders.

 2. The Disclosing Party verifies that, as a result of conducting the search in step 1(a) above, the Disclosing Party has found records relating to investments or profits from slavery, the slave industry, or slaveholder insurance policies and/or the names of any slaves or slaveholders. The Disclosing Party verifies that the following constitutes full disclosure of all such records:

SECTION VI – CERTIFICATIONS FOR FEDERALLY-FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Begin list here, add sheets as necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

If the Matter is federally funded and any funds other than federally appropriated funds have been or will be paid to any person or entity for influencing or attempting to influence an officer or employee of any agency (as defined by applicable federal law), a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the Matter, the Disclosing Party must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. The form may be obtained online from the federal Office of Management and Budget (OMB) web site at <http://www.whitehouse.gov/omb/grants/sfllin.pdf>, linked on the page http://www.whitehouse.gov/omb/grants/grants_forms.html.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes

No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes

No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes

No

If you checked "No" to question 1. or 2. above, please provide an explanation:

SECTION VII – ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. By completing and filing this EDS, the Disclosing Party acknowledges and agrees, on behalf of itself and the persons or entities named in this EDS, that the City may investigate the creditworthiness of some or all of the persons or entities named in this EDS.

B. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

C. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

D. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded, void or voidable), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

E. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

F. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires.

The Disclosing Party represents and warrants that:

G. The Disclosing Party has not withheld or reserved any disclosures as to economic interests in the Disclosing Party, or as to the Matter, or any information, data or plan as to the intended use or purpose for which the Applicant seeks City Council or other City agency action.

For purposes of the certifications in H.1. and H.2. below, the term "affiliate" means any person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members; shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with the federal government or a state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity.

H.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its affiliates delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

H.2. If the Disclosing Party is the Applicant, the Disclosing Party and its affiliates will not use, nor permit their subcontractors to use, any facility on the U.S. EPA's List of Violating Facilities in connection with the Matter for the duration of time that such facility remains on the list.

H.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in H.1. and H.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in H.1., H.2. or H.3. above, an explanatory statement must be attached to this EDS.

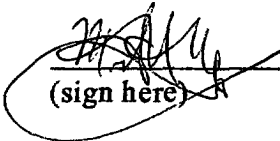
CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS are true, accurate and complete as of the date furnished to the City.

PalMet Venture, LLC
(Print or type name of Disclosing Party)

Date: 11/16/06

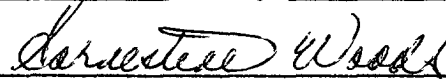
By:


(sign here)

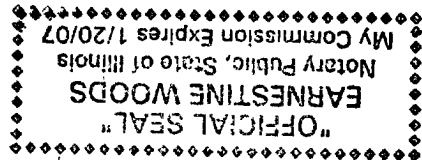
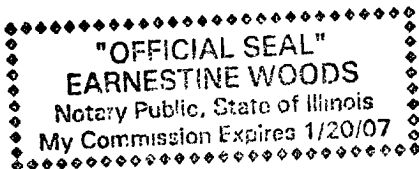
Michael Moyer
(Print or type name of person signing)

Managing Member
(Print or type title of person signing)

Signed and sworn to before me on (date) 11/16/06, by MICHAEL MOYER,
at Cook County, Illinois (state).

 Notary Public.

Commission expires: 1/20/07



**CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

VKAM Real Estate, LLC

Check ONE of the following three boxes:

Indicate whether Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which Disclosing Party holds an interest: VKAM/PalMet, LLC
OR
3. a specified legal entity with a right of control (see Section II.B.1.b.) State the legal name of the entity in which Disclosing Party holds a right of control: _____

B. Business address of Disclosing Party: 290 County Farm Road 3rd Flr
Wheaton, IL 60187

C. Telephone: 630 588 7200 Fax: 630 588 7210 Email: jatrannel@vkgroup.com

D. Name of contact person: Jerald Trannel

E. Federal Employer Identification No. (if you have one): 36-4115580

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Sale of a portion of property

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input checked="" type="checkbox"/> Limited liability company* |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership* |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture* |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership* | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership* | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Other (please specify) |

* Note B.1.b below.

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1.a. List below the full names and titles of all executive officers and all directors of the entity. For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

Name	Title
<u>N/A</u>	

1.b. If you checked "General partnership," "Limited partnership," "Limited liability company," "Limited liability partnership" or "Joint venture" in response to Item A.1. above (Nature of Disclosing Party), list below the name and title of each general partner, managing member, manager or

any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
VKAMC, LLC	Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture, interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE:** Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
VKAMC, LLC	290 County Farm Rd. 3rd Flr Wheaton, IL 60187	70%
JVK Intangible Trust	290 County Farm Rd. 3rd flr Wheaton, IL 60187	30%

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total

amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated)
---	------------------	---	--

(Add sheets if necessary)

Check here if the Disclosing party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the term of the contract.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in clause B.1.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

2. The certifications in subparts 2, 3 and 4 concern:

- the Disclosing Party;
- any "Applicable Party" (meaning any party participating in the performance of the Matter, including but not limited to any persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Applicable Parties, the term Affiliated Entity means a person or entity that directly or indirectly controls the Applicable Party, is controlled by it, or, with the Applicable Party, is under common control of another person or entity;

• any responsible official of the Disclosing Party, any Applicable Party or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Applicable Party or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Applicable Party or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Applicable Party, nor any Affiliated Entity of either the Disclosing Party or any Applicable Party nor any Agents have, during the five years before the date this EDS is signed, or, with respect to an Applicable Party, an Affiliated Entity, or an Affiliated Entity of an Applicable Party during the five years before the date of such Applicable Party's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

3. Neither the Disclosing Party, Affiliated Entity or Applicable Party, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

4. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

5. The Disclosing Party understands and shall comply with (1) the applicable requirements of the Governmental Ethics Ordinance of the City, Title 2, Chapter 2-156 of the Municipal Code; and (2) all the applicable provisions of Chapter 2-56 of the Municipal Code (Office of the Inspector General).

6. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

For purposes of this Part C, under Municipal Code Section 2-32-455(b), the term "financial institution" means a bank, savings and loan association, thrift, credit union, mortgage banker, mortgage broker, trust company, savings bank, investment bank, securities broker, municipal securities broker, securities dealer, municipal securities dealer, securities underwriter, municipal securities underwriter, investment trust, venture capital company, bank holding company, financial services holding company, or any licensee under the Consumer Installment Loan Act, the Sales Finance Agency Act, or the Residential Mortgage Licensing Act. However, "financial institution" specifically shall not include any entity whose predominant business is the providing of tax deferred, defined contribution, pension plans to public employees in accordance with Sections 403(b) and 457 of the Internal Revenue Code. (Additional definitions may be found in Municipal Code Section 2-32-455(b).)

1. CERTIFICATION

The Disclosing Party certifies that the Disclosing Party (check one)

is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter

2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

The Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities for records of investments or profits from slavery, the slave industry, or slaveholder insurance policies from the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves) and has disclosed in this EDS any and all such records to the City. In addition, the Disclosing Party must disclose the names of any and all slaves or slaveholders described in those records. Failure to comply with these disclosure requirements may make the Matter to which this EDS pertains voidable by the City.

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all requisite information as set forth in that paragraph 2.

 X 1. The Disclosing Party verifies that (a) the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities for records of investments or profits from slavery, the slave industry, or slaveholder insurance policies, and (b) the Disclosing Party has found no records of investments or profits from slavery, the slave industry, or slaveholder insurance policies and no records of names of any slaves or slaveholders.

 2. The Disclosing Party verifies that, as a result of conducting the search in step 1(a) above, the Disclosing Party has found records relating to investments or profits from slavery, the slave industry, or slaveholder insurance policies and/or the names of any slaves or slaveholders. The Disclosing Party verifies that the following constitutes full disclosure of all such records:

SECTION VI – CERTIFICATIONS FOR FEDERALLY-FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Begin list here, add sheets as necessary):

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

If the Matter is federally funded and any funds other than federally appropriated funds have been or will be paid to any person or entity for influencing or attempting to influence an officer or employee of any agency (as defined by applicable federal law), a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the Matter, the Disclosing Party must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. The form may be obtained online from the federal Office of Management and Budget (OMB) web site at <http://www.whitehouse.gov/omb/grants/sflllin.pdf>, linked on the page http://www.whitehouse.gov/omb/grants/grants_forms.html.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. By completing and filing this EDS, the Disclosing Party acknowledges and agrees, on behalf of itself and the persons or entities named in this EDS, that the City may investigate the creditworthiness of some or all of the persons or entities named in this EDS.

B. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

C. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N. Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

D. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded, void or voidable), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

E. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

F. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires.

The Disclosing Party represents and warrants that:

G. The Disclosing Party has not withheld or reserved any disclosures as to economic interests in the Disclosing Party, or as to the Matter, or any information, data or plan as to the intended use or purpose for which the Applicant seeks City Council or other City agency action.

For purposes of the certifications in H.1. and H.2. below, the term "affiliate" means any person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members; shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with the federal government or a state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity.

H.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its affiliates delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

H.2. If the Disclosing Party is the Applicant, the Disclosing Party and its affiliates will not use, nor permit their subcontractors to use, any facility on the U.S. EPA's List of Violating Facilities in connection with the Matter for the duration of time that such facility remains on the list.

H.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in H.1. and H.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in H.1., H.2. or H.3. above, an explanatory statement must be attached to this EDS.

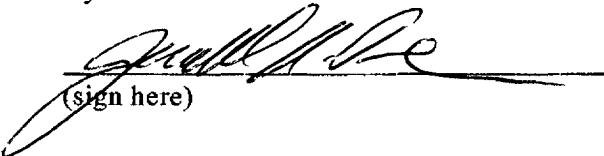
CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS are true, accurate and complete as of the date furnished to the City.

VKAM Real Estate, LLC
(Print or type name of Disclosing Party)

Date: December 5, 2006

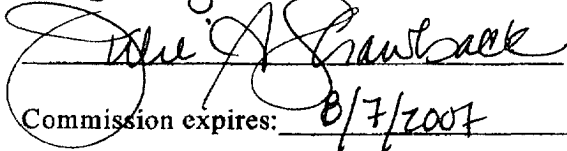
By:


(sign here)

Jerald Trannel
(Print or type name of person signing)

Vice President
(Print or type title of person signing)

Signed and sworn to before me on (date) December 5, 2006, by Jerald A. Trannel,
at DuPage County, Illinois (state).

 Notary Public.
Commission expires: 8/7/2007

